



AvSuper Annual Trustee Report to Members

30 JUNE 2020



**Legislation
updates**

**Investment overview
for 2019-20: a year
of the unexpected**

**AvSuper
snapshot as
we turn 30!**

Your Super Fund - AvSuper



It is with considerable pride and a sense of accomplishment that we present this 30th anniversary Annual Report to our members who have always been and will continue to be the reason for AvSuper's very existence. AvSuper started in 1990 and for 30 years has been providing outstanding service to members on a **profit for members** basis - many of our members have been with us from the day we started. You can count on us to continue to be a **strongly member focussed** organisation that works hard to deliver consistent long term investment performance and low fees.

Across Australia, AvSuper members include skilled specialists such as air traffic controllers, aviation rescue fire fighters, engineers, technical officers, pilots and aviation safety specialists, along with associated management, technical and administration staff. We also provide membership to many Australian public service employees, especially in the Canberra region.

An increasing number of people from other industries have also chosen AvSuper to care for their super, as well as the families of AvSuper members.

Did you know you can make contributions at any time to your AvSuper account?

AvSuper provides our **members (and more than \$2.4 billion of their retirement savings)** with the best of all worlds by delivering quality superannuation and Income Stream (pension) products and highly personalised service to individual members.

Did you know...
Leaving your employer, or even the aviation industry, doesn't mean you have to leave AvSuper - we welcome you to stay and continue receiving our personalised service. We accept contributions from all employers, too.

Report manifest

Reports by our Chair & CEO	1	Investment Committee overview	6
AvSuper snapshot as we turn 30!	2	Investment managers	8
Member Services update	3	Member investment choice	9
Administration Manager's update	4	Other investment information	9
AvSuper insurance	4	Defined benefit accounts	12
2020 Federal Budget & legislation	5	Financial statements	12
Administrator change	5	Enquiries	13
Investment overview for 2019-20	7	Your AvSuper Trustee & Team	13
AvSuper long term returns	7	Retired or retiring?	14

DISCLAIMER: The contents of this document have been prepared for general advice without taking into account your objectives, financial situation or needs. Therefore you should consider the appropriateness of the advice in light of your own objectives, financial situation or needs before acting on the information. A Product Disclosure Statement on any financial product mentioned in this document should also be obtained and read prior to proceeding with an investment decision. Although every effort has been made to verify the accuracy of the information contained in this document, AvSuper, its officers, representatives, employees and agents disclaim all liability (except for any liability which by law cannot be excluded), for any error, inaccuracy in, or omission from the information contained in this document or any loss or damage suffered by any person directly or indirectly through relying on this information.

WE'RE MOVING TO MORE DIGITAL COMMUNICATIONS
So we need your email address. Provide or update your email address via Member Online or by calling us.
Within Member Online, you can also tell us to send you electronic statements and/or annual reports.

Log into Member Online or call us to update your details, arrange a rollover, get a Centrelink Schedule or apply for insurance.
Member Online
facebook.com/avsuper twitter.com/aviationsuper

Report by our Chair & CEO

Dear Members,

We are penning this letter to you as we celebrate our 30th birthday!

Since AvSuper's inauguration as the CAA Staff Superannuation Scheme in 1990, we have lived through many challenges in our working lives, experienced many fluctuations in financial markets, and seen technology evolve and the world change around us.

And in 30 years of change, there has been one constant. From the first Chair, the first Fund Secretary and the first Trustee Board, there has been a continuing and constant ethos that AvSuper is here for the members; and along with the current Trustee and Fund staff, we are proud to continue that tradition.

AvSuper's genesis was in a time of adversity, with the CAA embarking on a "Review of Resources" and a proposed 50% reduction in staff. There was a technical recession in 1991; the events of September 11, 2001; a Global Financial Crisis in 2008; and this year has definitely been a year of adversity, with some members directly affected by the summer bushfires, including a few staff dusting off their bushfire response plan, and then the Coronavirus pandemic changing our way of living and working. From AvSuper's perspective, we were well positioned for the 2020 enforced change in working practices, having already had numerous drills and annual exercises in business continuity and worksite shutdowns since the SARS virus in 2003.

As a year, 2020 was already promising plenty of work, in a world with increasing regulatory oversight, additional regulatory burdens, and a planned change in one of our major service providers. It has been very pleasing to see the team keep working and taking it all in their stride.

March and April saw some Government initiatives to help people through some tough times. 284 members took advantage of the early access provisions withdrawing a total of \$2.69M; and many members took the opportunity to reduce their mandated income stream drawdowns.

Which brings us to June - and nobody would have predicted 6 months of bushfires and a global pandemic. It's pretty clear we can expect continued market volatility for the next couple of years.

Markets tumbled in early 2020, but losses have largely been regained. For people in and nearing retirement, facing a major employment change, and/or invested wholly in Cash, we understand you are after an assurance of stability (as cash appears to offer) while

hoping to retain an ability to earn more from your savings. Talking to Carl and our advice team is definitely a good idea. Members should be enjoying their retirement and not worrying about the challenge of predicting when to switch from Cash to Growth and back as markets move up and down. AvSuper puts your retirement money to work with experienced investment managers who do that on a daily basis.

Looking to the year ahead, we have a few exciting challenges, including a move to a different administration service provider. This is probably the hardest service provider to change and is never a decision that is taken lightly. The previous contract was due for renewal and a competitive search of the options enabled us to negotiate improved services without additional costs.

For the hundreds of members born after AvSuper came into existence, you can see that whilst recent experiences are unprecedented, times of adversity are not new. What makes it such a pleasure and privilege to be a part of AvSuper is our ability to face challenges with a conscientious Trustee, a forward-thinking management team, and dedicated staff, all working together for the benefit of our members.

As we celebrate 30 years, we will continue to manage your money with the aim to maximise your retirement savings. In the meantime, come to us with your super questions and, above all, stay safe.



Ben Firkins
(Chair)

Michelle Wade
(Chief Executive Officer)

Our first Annual Member Meeting is expected to be held online later this year - stay tuned for details!

Investment Fee Reduction

By reviewing and managing our investment managers, we were able to reduce investment costs so reduced member investment fees in most of our investment choice options from 1 August 2019.

AvSuper Snapshot

Electronic annual updates

Each year we send you your statement and a copy of this report - but did you know either or both of them can be viewed electronically?

You can let us know you want to swap to (or from) electronic versions on the contact details page of Member Online. Either way, your previous statements are available at any time on Member Online (under the communications tab).

Changed High Growth objective

On 1 February 2020, the High Growth investment option objective was changed to 4.0% (accumulation) and 4.5% (income stream).

Identification changes

From 1 August 2020, we will be confirming member identity electronically by default after a year of trials. This change ensures greater protection against fraudsters attempting to access your super savings.

Member Services Manager Update



Carl Wilson,
Member Services Manager

Our Member Services Team is focussed on helping our members, and this has been an eventful year for us all. Between bushfires across the country and the COVID-19 pandemic, there have been challenges for our community which have twice resulted in AvSuper closing our office and working remotely. I am proud of how our team has managed these challenges and remained available to help and serve our members.

I am pleased to welcome Kong Lau back to our team as a senior member advice consultant based in Canberra. You may have dealt with Kong in the past, and know of his dedication to helping members. Kong is available for advice appointments with members across Australia.

Many members will be pleased to know the work test and spouse contributions age limits have been expanded – see page 5 or our website for details.

Unfortunately, we are unable to travel to see members at the moment due to COVID-19 restrictions. However, we are looking forward to member advice trips restarting at some point and remind you that advice appointments can be conducted by phone or online platforms such as FaceTime and Zoom.



570 member meetings



288 personal contributions totalling \$8,782,536



30+ Airservices site visits



56 members claimed a tax deduction



955 beneficiary nominations, including 340 binding nominations

This year we answered:



1011 AvChats



4,775 phone calls



Over 2,161 emails

AvSuper ranked first in the 2019 Super Fund Member Satisfaction Survey for:

- ✓ total score
- ✓ ease of doing business
- ✓ overall satisfaction



AvSuper welcomes our new staff!

Gina Dowley, Investments Officer

AvSuper - Flying Together for 30 Years!

From humble beginnings in July 1990, under the name CAA Staff Superannuation Fund, AvSuper has grown and become a trusted, sophisticated superannuation fund that maintains a member focus.

AvSuper has consistently offered exemplary, personalised service to members, strong long term investment returns, innovations to suit member needs, and a steady Trustee and Management team.

And we know that many members changed jobs during the year, but continue to trust AvSuper with their retirement savings. You too can stay with us even if you change jobs or industries, or you stop working!



\$2.4 billion funds under management



6,261 fantastic members



243 new members and 60 new Income Stream members welcomed this financial year



3,135 members have been with us for over 10 years



Over 9,334 personal interactions with members across 2019-20



\$30.2 million rolled into to AvSuper from other funds

AvSuper was awarded the 2019 Consumer Choice award, making it three years in a row! Thanks for voting for us!

AvSuper Advice (financial planning)

www.avsuperadvice.com.au
AvSuper Advice

AvSuper's member advice consultants are ready to answer your queries, by phone, email or AvChat, and advice appointments with our qualified financial planners can be booked via email or phone.

CHECK IT OUT AND REMEMBER TO BOOK AN APPOINTMENT BEFORE MAKING ANY MAJOR FINANCIAL DECISIONS!

Our Member Advice Consultants can help you:

- grow your super
- with your retirement planning alongside your Centrelink entitlements to find the most effective retirement plan for your situation
- understand the financial impact of a redundancy package
- choose investment strategies
- determine your insurance needs
- establish strategic contribution arrangements.

ONLINE ADVICE APPOINTMENTS!
Meet with our advisers from the comfort and safety of home.



STANDING: Julie Peters, Nathan Ham
SEATED: Carl Wilson, Debbie-Jane Campbell
INSET: Kong Lau

Administration Manager's Update



Naomi Hales,
Administration Manager

AvSuper as at 30 June 2020

MEMBERS

52% are under 50 years
25% are female

56-60 year olds have the highest average super balance

54.2% of members joined 10 or more years ago!

70% of members have AvSuper voluntary insurance

Managed 742 rollovers into AvSuper accounts

284 COVID-19 early release claims made - totalling \$2.7M

97% of members and 94% of income stream members are registered for Member Online!

75% of our female members are insured

2,956 members have income protection cover

25% of members are based in Victoria

32% of ID checks were done electronically

AVSUPER INSURANCE OUTSIDE AUSTRALIA

While your super account can remain open indefinitely, insurance cover can be affected by leaving Australia.

Generally, you are covered as long as you don't go to a country graded as 'do not travel' when you leave and don't leave during the pandemic.

For longer periods outside Australia, the following may apply unless you have written approval from the insurer prior to leaving:

- you may need to return to Australia for tests and medical evidence for a Total & Permanent Disablement (TPD) claim.
- Any Income Protection payments, will only be paid for 6 months if you are overseas, and may recommence when you return to Australia.
- Cover ceases once you have been out of the country for three years.

Please contact me for a chat about your insurance if you are planning (or are on) a long trip overseas after the pandemic.

AvSuper insurance

PROTECT YOUR FAMILY IN TIMES OF NEED

- Fees from your super, not your back pocket
- Most occupation classes included
- Competitive fees and terms
- Easily increase cover for life events like marriage, birth and divorce

Chat to our Member Advice Consultants for details and an idea of how much cover YOU need.

1300 128 751

Terms, conditions and eligibility requirements apply.

2020 Federal Budget & Legislation

Due to COVID-19 and the level of uncertainty in the world, the Government delayed the Federal Budget from May to 6 October for 2020. We will be in touch with any super related Budget news in October.

However, some existing proposals have been progressed during the financial year:

1. From 1 July 2019 superannuation fees are capped at 3% pa for members with a balance under \$6,000.
2. Eligible members could access up to \$10,000 per financial year between 20 April and 31 December 2020 under COVID-19 financial hardship early release rules.
3. Income stream members can reduce their minimum draw down amounts for the 2019-20 and 2020-21 years from March 2020.

And from 1 July 2020, you can make a spouse contribution until your spouse reaches 75 and you don't have to worry about the work test until you are 67 (rather than 65).

AvSuper Administrator Changes

AvSuper uses external service providers to assist the Trustee with many Fund administration services which include processing contributions to your account, making benefit payments and issuing member statements. We are pleased to advise members, following a comprehensive administration review and tender process, we have appointed Mercer Administration Services as our new administrator from November 2020.

Digital Communications

From transition, most communications from AvSuper will be done electronically so you get information faster. You will of course be able to request hard copies of documents.

Member Online

Member Online will look different after transition but will retain all the existing features such as transaction history, investment switching capacity and updating your contact details. Moving forward we expect to have more technology options available too.

Efficiencies

We expect to have greater efficiencies with the new administrator so we will have better access to your data when you call us and improved overall processing times.

COVID-19 Superannuation Early Release Scheme Snapshot

Total Claims: 284

Average Claim Age: 42

Total Amount: \$2,687,687

Average: \$9,499

Most Claimed State: QLD at 87 (VIC is closing in at 72)

Female Claims: 82
Male Claims: 202

Keeping Your Insurance and Account

From 1 April 2020, insurance is only provided by default to members over 25 and with a balance of at least \$6,000. This means that some new members will not get cover for some time after joining unless they opt in.

Use our [online elect to have insurance form](#) to start cover now - and keep it active if your account becomes inactive.



Investment Committee's Overview



Denise Allen,
Investment Committee Chair

The financial year 2019/2020 will be seared into our collective memories for a very long time to come. Until very recently, Australia was the land of a forever boom, with 29 years of largely uninterrupted growth.

The coronavirus, though, is a force unto its own, and it is overwhelming even the strongest and most privileged of countries. Australia, along with many other parts of the world, has come to a virtual halt, shuttering its borders and restricting domestic and global travel.

The Australian and global economy is going through a very difficult period and is experiencing the biggest economic contraction since the 1930s. For example, in Australia in April, total hours worked declined by an unprecedented 9% and more than 600,000 people lost their jobs, with many more people working zero hours. Household spending weakened very considerably, and investment plans are being deferred or cancelled.

Notwithstanding these developments, it is possible, at least in Australia, that the depth of the downturn will be less than earlier expected and there are signs that hours worked stabilised in early May, after the earlier very sharp decline. There has also been a pick-up in some forms of consumer spending.

However, the outlook, including the nature and speed of the expected recovery, remains highly uncertain and the pandemic is likely to have long-lasting effects on the economy. In the period immediately ahead, much will depend on the confidence that people and businesses have about the health situation and their own finances.

In investment terms, it was a financial year of two halves. In mid 2019, the outlook for the global economy remained reasonable. While the risks were still tilted to the downside, some of those risks had lessened. The US-China trade and technology dispute continued to affect international trade flows and investment as businesses scaled back spending plans because of the uncertainty. At the same time, in most advanced economies unemployment rates were low and wages growth had picked up, although inflation remained low.

Markets worldwide began 2020 on a high note, underscored by broad optimism around an improving global economic outlook and a phase 1 trade deal between the U.S. and China. However, in a swift and sudden reversal, the coronavirus pandemic unleashed massive economic shocks as governments

across the globe enacted strict containment policies. Uncertainty over the duration of the virus threat and magnitude of its impact prompted policymakers and central banks in the world's largest economies to deliver fiscal stimulus and monetary relief packages in hopes of easing the damage.

Financial market volatility has been historically high and many markets around the world have been dislocated. We saw dramatic falls in equity markets globally. And while we have seen the U.S. market and the global equity index clawback the losses, the Australian S&P/ASX300 finished down -7.6%.

At AvSuper, we have been monitoring our investment managers very closely and making changes where appropriate. In November 2019, the Investment Committee (IC) in conjunction with our consultant, Frontier, decided to terminate Brandywine from our fixed income line-up, in addition the IC decided to take profits from the global equity sector, both these decisions benefitted the fund positively. Due to under-performance in our Australian equity sector we appointed a new Australian equity manager, Wavestone, a highly regarded growth style manager to the line-up. In addition, the IC terminated AQR, a global quantitative manager, and subsequently appointed a global growth manager, Hardman Johnston, based in Boston.

In March, our unlisted Infrastructure managers, Brookfield and North Haven, called in their funding commitments to fund purchases such as Brookfield's interest in National Gas Transmission System (NGTS) from Abu Dhabi National Oil Company with an expected internal rate of return of 10%.

While superannuation returns will disappoint for this financial year due to the unprecedented volatility and dislocation, it is the long term returns that investors should focus on.

While it may get worse before it gets better, decades of stock market history suggest it will eventually get better. Since 1928 – through 14 recessions and 21 bear markets – U.S. equity markets have never failed to regain a prior peak. In addition, since 1972 – through 4 worldwide recessions and 10 bear markets – global equity markets have never failed to regain a prior peak. We strongly believe the patient investor that stays the course is well positioned to deliver superior risk-adjusted returns over the long-run.

Investment Overview for 2019-20

Investment Option	2019-20 returns [^]	Based on rolling 10 year periods			
		Rolling returns	Benchmark return	Investment Objective - exceed CPI by	
				SUPER	INCOME STREAM
Growth (MySuper)	-2.1%	7.5%	6.3%	3.5%	4.0%
Conservative Growth	0.4%	5.1%	3.3%	1.0%	1.5%
Stable Growth	0.1%	6.2%	4.3%	2.0%	2.5%
Balanced Growth	-1.3%	N/A	N/A	3.0%	3.5%
Diversified Index	-0.7%#	N/A	N/A	3.0%	3.5%
High Growth	-3.0%	9.0%	7.2%	4.0%*	4.5%*
Investment Option	2019-20 returns [^]	Rolling returns	Benchmark return	Investment Objective - exceed	
Cash	1.1%	2.6%	2.6%	Bloomberg AusBond Bank Bill Index	
Australian Shares	-7.7%	7.5%	7.3%	S&P/ASX 300 Accum Index	
International Shares	0.5%	10.1%	8.6%	MSCI All Country World Index (ex Australia) 50% hedged and 50% unhedged in \$A	

[^] Accumulation returns are net of fees and taxes # Since inception data provided for newer options * Objective changed on 1 February 2020

One of the things that makes AvSuper different to other super funds is our **in-house Member Advice Team**. We don't outsource customer service – so when you contact AvSuper, you can count on being assisted by **experienced, qualified super professionals and financial advisers** employed in our Trustee Office – not an anonymous call centre.



AvSuper Long Term Returns

All AvSuper investment returns are shown after allowing for relevant investment fees and taxes.

Accumulation Account Returns to 30 June								Income Stream Returns to 30 June							
INVESTMENT OPTION	Compound Average							INVESTMENT OPTION	Compound Average						
	2020	2019	2018	2017	2016	5 yr*	10 yr*		2020	2019	2018	2017	2016	5 yr*	10 yr*
Growth (MySuper) (default)	-2.1%	6.3%	8.8%	11.1%	3.0%	5.3%	7.5%	Growth	-1.8%	7.0%	9.9%	12.6%	3.3%	6.0%	8.5%
Conservative Growth	0.5%	4.5%	4.4%	5.1%	2.8%	3.5%	5.1%	Conservative Growth	0.4%	5.3%	5.0%	5.9%	3.2%	3.9%	5.7%
Stable Growth	0.1%	5.3%	6.1%	7.0%	3.3%	4.3%	6.2%	Stable Growth	-0.2%	6.0%	6.9%	8.0%	3.7%	4.8%	6.9%
Balanced Growth	-1.2%	5.6%	7.2%	9.1%	0.8%	4.2%	N/A	Balanced Growth	-1.2%	6.4%	8.2%	10.3%	1.1%	4.8%	N/A
Diversified Index	-0.7%#	N/A	N/A	N/A	N/A	N/A	N/A	Diversified Index	-0.2%	N/A	N/A	N/A	N/A	N/A	N/A
High Growth	-3.0%	6.6%	10.7%	14.4%	2.0%	6.0%	9.0%	High Growth	-2.8%	7.2%	11.9%	16.1%	2.3%	6.7%	9.8%
Cash	1.1%	1.8%	1.7%	1.7%	1.9%	1.6%	2.6%	Cash	1.3%	2.1%	2.0%	2.0%	2.2%	1.9%	2.8%
Australian Shares	-7.6%	5.9%	12.4%	14.6%	1.7%	5.1%	7.6%	Australian Shares	-6.4%	6.7%	14.2%	16.3%	2.4%	6.3%	8.3%
International Shares	0.6%	6.5%	9.8%	15.4%	0.5%	6.4%	10.1%	International Shares	0.3%	6.6%	10.6%	17.3%	0.4%	6.8%	10.4%

Remember that past performance is not always indicative of future performance.

* Five and ten year history is not yet available for some options

Since inception data provided for newer options

Investment earnings in our Income Stream products are tax free for members, so returns may vary from those in accumulation accounts. Superannuation payments made to members aged over 60 in either division are also generally tax free.



Investment Managers

AvSuper uses a range of professional investment managers to invest members' money according to specific objectives and strategies (including strategies to guard against excessive risk) set out by the AvSuper Trustee. Our website lists our current investment managers. As at 30 June 2020, AvSuper's assets were managed by the following entities:

AUSTRALIAN SHARES	<ul style="list-style-type: none"> Perpetual Schroders * 	<ul style="list-style-type: none"> Cooper Investors * Macquarie True Index Wavestone Capital
INTERNATIONAL SHARES	<ul style="list-style-type: none"> Ariel Investments * Hardman Johnston MFS Investment Management * 	<ul style="list-style-type: none"> Martin Currie Investment Management Sanders Capital Macquarie True Index
ALTERNATIVES	<ul style="list-style-type: none"> Kapstream Capital Bentham 	<ul style="list-style-type: none"> Aurum Asset Management Stone Harbor Investment Funds
REAL ASSETS	<ul style="list-style-type: none"> Franklin Templeton Investments Eureka Funds Management EG Property Group Brookfield Core Infrastructure 	<ul style="list-style-type: none"> Investa * The GPT Group QIC Global Infrastructure North Haven Infrastructure ATLAS Infrastructure
DIVERSIFIED FIXED INCOME	<ul style="list-style-type: none"> Loomis Sayles * 	<ul style="list-style-type: none"> AMP Capital Macquarie True Index
CASH & CURRENCY	<ul style="list-style-type: none"> Blackrock Cash Fund * 	<ul style="list-style-type: none"> Russell Investments Bank term deposits (various) * Citi Global Market Australia
PRIVATE MARKETS	<ul style="list-style-type: none"> Coller Capital Siguler Guff 	<ul style="list-style-type: none"> Hayfin Capital Management Partners Group Continuity Capital Partners

*These managers have a value in excess of 5% of the total assets of AvSuper

The risk level for each AvSuper investment option (as shown on pages 10 to 11) is based on the super Standard Risk Measure to allow members to compare investment options. It is not a complete assessment of all forms of investment risk, specifically it does not take into account the impact of administration fees or the magnitude of investment earnings (positive or negative).

It is important you are comfortable with the risks (especially the risks of negative investment earnings) associated with your chosen investment option(s). You can find out more about the [Standard Risk Measure](#) on our website.

Professional Support

AvSuper uses professional external service providers to ensure it operates efficiently:

Administrator	Link Super
Auditor	Ernst & Young
Internal auditor	Willis Towers Watson
Group Life Insurer	Hannover Life Re Australasia
Investment Adviser	Frontier Advisors
Custodian	BNP Paribas Australia
Actuary	cHr Consulting Pty Ltd
Legal Adviser	Greenfields Financial Services Lawyers

WANT TO KNOW MORE ABOUT INVESTMENT MARKETS?

Our Investments Manager provides a [commentary on market conditions and performance](#) each month. Find it on our website each month or subscribe for an email reminder - look in the investment section of our website.

Member Investment Choice

As an AvSuper accumulation and/or income stream member, you can access member investment choice. Your options are outlined on the following pages and described in detail on our website and in [AvSuper's Member Investment Choice Guide](#).

AvSuper's investment choice enables you to choose one or any combination of our investment options. You can have your current super balance and future contributions (or drawdowns) invested identically or in different ways.

You can change the way your super is invested in our investment options at any time; this is called switching. Even better, AvSuper doesn't charge a fee to switch investment options! Switching can be done online or by completing a [Nominate or switch investment options form](#) downloaded from our website.

If you do not make an investment choice, your balance will be invested in the AvSuper Growth (MySuper) option (for accumulation members) or the Balanced Growth and Cash options (for income stream members).

Other Investment Information

Unitisation

AvSuper's accumulation and income stream investments are unitised. Units are allocated when we receive a contribution or rollover. Your unit holding decreases when you make a withdrawal, receive an income stream payment, leave AvSuper or we deduct fees or taxes.

Unitisation is similar to buying and selling stocks, with frequent price changes. The allocation price is based on that week's unit price so even regular transactions often convert to a different number of units. For members, the buying and selling price is the same each week. We take out some fees and any applicable tax before setting unit prices. Our website shows [current and historical unit prices](#).

Diversification for risk management

In our pre-mixed options, your super is deliberately invested with a long term focus and diversified across several asset classes and multiple investment managers per asset class. This allows for more consistent returns and takes advantage of various investment styles. These options offer more diversification than our single asset class options.

AvSuper's Cash, Australian Shares and International Shares options each invest in only one asset class. However, to maintain diversity and manage risk, they are invested across a number of sectors and companies, and managed by multiple managers.

AvSuper's Investment Options

- Growth (MySuper)
- Conservative Growth
- Stable Growth
- Balanced Growth
- Diversified Index
- High Growth
- Cash
- Australian Shares
- International Shares

Each option has its own performance objectives, investment strategy and risk/return profile as shown on the following pages. Note that past performance is not always indicative of future performance.

AvSuper sets a range for each asset class in our options to take advantage of market opportunities by varying allocations. Thus the asset class weighting during the year may vary from the target asset allocation.

Derivatives

Our derivatives policy imposes tight controls on our investment managers' use of derivatives. They must only be used conservatively and for controlling risk, and are never used to gear portfolios.

Unlisted assets

AvSuper also invests in Australian and international unlisted funds for increased diversification and stability. This also provides more buffering from inflation and scope for direct tax benefits.

We continually monitor our portfolio and market fluctuations, with the expectation these assets can potentially give more value to members' savings.

Operational risk reserve

The Trustee maintains an Operational Risk Financial Requirement (ORFR) reserve to cover losses arising from significant operational risks and risk events (not otherwise covered).

	Reserve balance	Change from prior year
2020	\$10,497,113	+\$45,816
2019	\$10,451,297	+\$398,812
2018	\$10,052,484	+\$618,534

Growth (MySuper)

Designed for members who accept medium risk with short term fluctuations in a diversified portfolio for higher long term returns.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) over **rolling 10-year periods:**

- By 3.5% pa for super members
- By 4.0% pa for income stream members

Suggested minimum timeframe to hold this option: 5+ years

Risk/return profile

Standard Risk Measure	
Risk band	5
Risk label	Medium to high
Estimated frequency of negative annual returns in 20 years	3 to less than 4

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	30%	20 - 45%
International Shares	30%	20 - 45%
Real Assets	18%	0 - 45%
Private Markets	5%	0 - 15%
Alternatives	5%	0 - 30%
Diversified Fixed Income	10%	0 - 30%
Cash	2%	0 - 15%

Default accumulation investment option

Conservative Growth

Designed for members who are generally risk averse or wanting short term access to their money, but want some capital expansion.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) over **rolling 10-year periods:**

- By 1% pa for super members
- By 1.5% pa for income stream members

Suggested minimum timeframe to hold this option: 2 to 4 years

Risk/return profile

Standard Risk Measure	
Risk band	2
Risk label	Low
Estimated frequency of negative annual returns in 20 years	0.5 to less than 1

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	10%	0 - 20%
International Shares	10%	0 - 20%
Real Assets	10%	0 - 20%
Private Markets	0%	0 - 10%
Alternatives	10%	0 - 60%
Diversified Fixed Income	30%	0 - 60%
Cash	30%	10 - 60%

Stable Growth

Designed for members who want a diverse investment portfolio to obtain steady returns over time.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) over **rolling 10-year periods:**

- By 2% pa for super members
- By 2.5% pa for income stream members

Suggested minimum timeframe to hold this option: 3 to 5 years

Risk/return profile

Standard Risk Measure	
Risk band	3
Risk label	Low to medium
Estimated frequency of negative annual returns in 20 years	1 to less than 2

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	15%	5 - 30%
International Shares	15%	5 - 30%
Real Assets	17%	0 - 30%
Private Markets	5%	0 - 10%
Alternatives	8%	0 - 40%
Diversified Fixed Income	20%	0 - 40%
Cash	20%	5 - 40%

Balanced Growth

Designed for members who accept medium volatility and risk through a balanced investment portfolio for a moderate return.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) over **rolling 10-year periods:**

- By 3% pa for super members
- By 3.5% pa for income stream members

Suggested minimum timeframe to hold this option: 4 to 6 years

Risk/return profile

Standard Risk Measure	
Risk band	4
Risk label	Medium
Estimated frequency of negative annual returns in 20 years	2 to less than 3

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	22%	10 - 35%
International Shares	21%	10 - 35%
Real Assets	18%	0 - 35%
Private Markets	5%	0 - 10%
Alternatives	8%	0 - 35%
Diversified Fixed Income	14%	0 - 35%
Cash	12%	5 - 25%

Part of the default Income Stream investment strategy

AvSuper Single Class Options

Diversified Index (from 1 July 2019)

Designed for members who accept the high short-term volatility of listed markets and seek passive market returns with a long term investment horizon.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) increases over **rolling 10-year periods:**

- By 3.0% pa for super members
- By 3.5% pa for income stream members

Suggested minimum timeframe to hold this option: 7+ years

Risk/return profile

Standard Risk Measure	
Risk band	6
Risk label	High
Estimated frequency of negative annual returns in 20 years	4 to less than 6

Strategic asset allocation effective since 1 July 2019

Asset Class	Benchmark	Range
Australian Shares	35%	15-50%
International Shares	35%	15-50%
Real Assets	0%	0-10%
Diversified Fixed Income	17%	0-40%
Cash	13%	0-40%

High Growth

Designed for members who accept higher risk and short term volatility through shares and real assets for greater long term returns.

Investment Return objective: To achieve a return, after tax and fees, which exceeds Consumer Price Index (CPI) over **rolling 10-year periods:**

- By 4.0% pa for super members
- By 4.5% pa for income stream members

Suggested minimum timeframe to hold this option: 7+ years

Risk/return profile

Standard Risk Measure	
Risk band	6
Risk label	High
Estimated frequency of negative annual returns in 20 years	4 to less than 6

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	45%	30 - 70%
International Shares	45%	30 - 70%
Real Assets	5%	0 - 40%
Private Markets	5%	0 - 25%

Cash

Designed for members who have a short investment horizon for some or all of their investment and want to safeguard their savings.

Investment Return objective: To achieve a return, after tax and fees, which exceeds the Bloomberg AusBand Bank Bill Index over **rolling 10-year periods.**

Suggested minimum timeframe to hold this option: 0 to 3 years

Risk/return profile

Standard Risk Measure	
Risk band	1
Risk label	Very Low
Estimated frequency of negative annual returns in 20 years	Less than 0.5

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Cash	100%	N/A

Part of the default Income Stream investment strategy

Australian Shares

Designed for members who want to invest in local sharemarkets and accept higher risk for greater long term returns.

Investment Return objective: To achieve a return, after tax and fees, which exceeds the S&P / ASX 300 Accumulation Index over **rolling 10-year periods.**

Suggested minimum timeframe to hold this option: 7+ years

Risk/return profile

Standard Risk Measure	
Risk band	7
Risk label	Very High
Estimated frequency of negative annual returns in 20 years	6 or greater

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
Australian Shares	100%	NA

International Shares

Designed for members who want to invest in global sharemarkets and accept higher risk for greater long term returns.

Investment Return objective: To achieve a return, after tax and fees, which exceeds the Morgan Stanley Capital International All Country World Index (ex Australia) 50% hedged and 50% unhedged in \$A over **rolling 10-year periods.**

Suggested minimum timeframe to hold this option: 7+ years

Risk/return profile

Standard Risk Measure	
Risk band	6
Risk label	High
Estimated frequency of negative annual returns in 20 years	4 to less than 6

Strategic asset allocation effective since 1 February 2017

Asset Class	Benchmark	Range
International Shares	100%	N/A

Image of Canberra airport courtesy of Kazza of kazza.id.au

Defined Benefit Accounts (Corporate Members)

If you are a defined benefit member, your super is based on a combination of your years of service, contribution rate and final average salary. Declines in the value of defined benefit assets don't generally affect your final payment as the investment risk is borne by your employer. AvSuper's defined benefit division remains financially sound, fully funded and is financially supported by Airservices Australia and CASA.

Although your defined benefit arrangement must end **when you cease working for an AvSuper Corporate employer, you can stay with AvSuper** and receive contributions from any new employer. Unless you tell us otherwise within 28 days of ceasing employment, your benefit will be transferred to an AvSuper accumulation account in your name and invested in the default Growth (MySuper) option.

Superannuation surcharge

The super surcharge was a contributions tax that ended in July 2005. Your member statement shows any applicable outstanding surcharge. **Interest is applied to this debt.** Unless you make arrangements to repay the debt earlier, the outstanding debt will be deducted from your final benefit when you leave the defined benefit division.

Investment returns & objectives

The primary objective is an after tax and fees return exceeding Average Weekly Ordinary Time Earnings (AWOTE) increases by at least 1.5% over rolling ten years.

Contributions holiday

For our Defined Benefit members, Airservices Australia and CASA make lump sum contributions rather than on a per member basis. AvSuper's defined benefit assets available to cover payments sometimes moves into deficit or surplus. Currently, there is a surplus so Airservices Australia and CASA are on a "Contributions holiday" and not contributing to the Fund in 2019-20. The Trustee is satisfied this will not adversely affect the financial position of the defined benefit division in the near term, but will continue to closely monitor the situation.

Investment returns for the Defined Benefit division (after fees and taxes)

One year return for 2019-20	-1.3%
Five year compound average return per annum	3.8%
Ten year compound average return per annum	6.5%

Long term strategic asset allocation at 30 June 2020

Asset Class	Benchmark	Asset Ranges
Australian Shares	15%	5-30%
International Shares	15%	5-30%
Real Assets	17%	0-30%
Private Markets	5%	0-10%
Alternatives	8%	0-40%
Diversified Fixed Income	20%	0-40%
Cash	20%	5-40%

Abridged Financial Statements 2020

Following is a summary of AvSuper's financial statements for the last two financial years. The 2020 data is based on unaudited accounts - the full audited financial statements and auditor's report will be on our website by 30 October 2020.

Statement of changes in net assets for the period ended 30 June

	2020	2019
Opening balance at beginning of financial year	2,451,907,79	\$2,340,548,928
Plus Income		
Contributions received	\$72,880,215	\$73,152,342
Transfer from other funds	\$25,372,645	\$29,578,789
Net investment income	-\$36,340,465	\$130,465,003
Insurance paid to members	\$3,142,290	\$1,555,158
Less Expenses		
Benefits paid and payable	\$117,378,883	\$105,530,627
Insurance expenses	\$2,704,953	\$2,872,788
Operating & administration expenses	\$6,398,898	\$5,450,340
Tax on contributions	\$8,856,553	\$8,816,038
Income tax expense	-\$8,144,990	\$722,637
Closing Balance	\$2,389,768,178	\$2,451,907,790

The AvSuper Team...

When you call AvSuper, you'll never get an anonymous call centre. One of our experienced Trustee team will happily help you.



AVSUPER TEAM

Standing: Naomi Hales, Kong Lau, Julie Peters, Nathan Ham, Tash Hughes, Michelle Wade, Nick Smith, Sue Field, Debbie-Jane Campbell

Sitting: Shan Badowski, Carl Wilson, Catherine Mukungu, Ursula Morley, Silas Dingiria

Absent: Gina Dowley

Enquiries and complaints

Please contact AvSuper if you have any queries – in most cases, enquiries can be answered over the phone. Responses to written enquiries will generally be provided within five business days.

1. We work hard to help with your super, but if you have any complaints or feedback you can contact us on **1300 128 751** or **avsinfo@avsuper.com.au**
2. If our discussions or suggestions don't satisfy you, please write to: **Complaints Officer, AvSuper, PO Box 223, Civic Square, ACT 2608** or email: **avsinfo@avsuper.com.au**

We will get back to you as soon as possible.

3. If your complaint is unanswered or not resolved to your satisfaction within 90 days, you may then have the right to refer the matter to the Australian Financial Complaints Authority (AFCA). AFCA is a free service and can be contacted by calling **1800 931 678**, via email at **info@afca.org.au** or by writing to them at **GPO Box 3, Melbourne, VIC 3001**. You can find out more about AFCA on their website, **www.afca.org.au**.

Your AvSuper Trustee

The Trustee of AvSuper is AvSuper Pty Ltd, a professional corporate trustee company which ensures that the Fund operates in the best interests of members.

The Trustee consists of a Board of nine Trustee Directors governed by the AvSuper Constitution and Trust Deed. Trustee Directors must satisfy both propriety and competency requirements on appointment and thereafter. Collectively, they possess significant specialty expertise in superannuation, investment management and the wider aviation industry.

The Principal Employer, Airservices Australia, nominates the three employer representative Directors (Mr Mathews, Ms Schafer and Mr Burgess) and the three member representatives are nominated by the ACTU (Mr Firkins, Mr Farrell and Mr Brades). Three independent directors (Ms Allen, Mr Cox and Mr Merlicek) are appointed by the Trustee.

AvSuper's Trustee is supported by comprehensive risk management strategies, plans and compliance programs.

The Trustee has taken out trustee indemnity insurance to protect the Board, its Directors, its officers and the Fund against the financial effects of legal action against AvSuper.



Standing: Ben Firkins, Michael Farrell, Julie-Anne Schafer, Stephen Merlicek, Lawrie Cox

Sitting: Hylton Mathews, Denise Allen, Geoff Burgess, Stuart Brades

Retired or retiring?

An AvSuper Income Stream is easy to manage and offers many of the benefits you enjoy as an AvSuper member.

What do I do next?

If you are in or approaching retirement, chat to us or read our Income Stream Product Disclosure Statement (PDS) (available from www.avsuper.com.au or by calling 1300 128 751) to see if it suits you. The PDS details how to join.

* AvSuper Income Streams are issued by AvSuper Pty Ltd

REMEMBER TO BOOK AN ADVICE APPOINTMENT TO DISCUSS YOUR OPTIONS



*AvSuper ranked first in the 2019
Super Fund Member Satisfaction Survey*

avsuper 



Contact Us

Phone: 1300 128 751 or 02 6109 6888
Fax: 02 6100 2799
Email: avsinfo@avsuper.com.au
Post: AvSuper, PO Box 223, Civic Square, ACT 2608

www.avsuper.com.au



facebook.com/avsuper



twitter.com/aviationsuper