

AvSuper Annual Trustee
Report to Members
30 JUNE 2021



A year of change



**A record return for our
Growth (MySuper) option!**

Your Super Fund - AvSuper



We are pleased to present our 2021 annual report to members. 2020 and 2021 have seen a lot of upheaval and change, but we are focussing on the tremendous strength and resilience AvSuper members and employers (and the Fund itself) have shown.

AvSuper has been providing outstanding service to members on a **profit for members** basis for over 30 years - many of our members have been with us from the day we started in 1990. 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.

You can make contributions at any time to your AvSuper account

AvSuper provides our **members (and more than \$2.7 billion of their retirement savings)** with the best of all worlds by delivering quality superannuation and Income Stream (pension) products along with highly personalised service to individual members.

Report manifest

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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.

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twitter.com/aviationsuper

Report by our Chair



This year saw unprecedented disruption; however, I am pleased that AvSuper continues to keep members as our primary focus. Our members recognised this too, as shown by the results of the 2020 CSBA FEAL survey, ranking AvSuper as the **leading fund for overall member satisfaction**.

In February we farewelled Michelle Wade. We thank her for 13 years as our CEO, a period where AvSuper was one of the first funds to get a MySuper licence, and introduced enhancements such as AvChat, member advice and our personalised member service model. We now warmly welcome Michael Sykes as our new CEO and look forward to his stewardship taking us forward. We have also seen some recent Board changes. Renewal and succession planning is critical to any successful Board and I want to thank our exiting directors (Denise Allen, Hylton Mathews and Stephen Merlicek) for their contribution during their AvSuper tenures. We wish them well in the future. Additionally, I would like to welcome our new Directors, who bring individual strengths that will be beneficial to our Fund's future.

It is a very great pleasure to announce **2020-21 has produced our best returns for the Growth (MySuper) option at 20.6%** (topping 18.4% in 2013) and positive returns in all of our investment options. Our newest option, the Diversified Index, returned a very pleasing 17.0%. The impressive market rebounds from the 2020 lows highlight the importance of maintaining a long-term perspective, and the risk investors may face if switching to cash in volatile markets.

During the year, we transitioned to a new administration provider and that change is starting to show increased efficiencies and benefits for our members. Members with both accumulation and income stream accounts can now access both accounts via one AOL (AvSuper Online) login, we have improved Radar, our retirement income calculator, and member correspondence is sent electronically by default, reducing costs as well as environmental impacts.

AvSuper has been a community-minded superannuation fund for the past 30 years. This is what we do best: always striving hard to serve the best interests of all our members, with a dedicated commitment to serve the financial interests of members in the aviation community, many of whom we know personally.

I am proud to be an AvSuper member and Fund Chair, and for the opportunity to lead our highly skilled and competent Board and staff into the future.

Ben Firkins
(Chair)

Report by our CEO



AvSuper has a **30-year history as a not-for-profit fund that is dedicated to its members**. As AvSuper's new CEO I can assure you that this priority hasn't changed. Our key focus remains: to provide the best retirement outcomes for you that we can.

The significant disruption to aviation, and to our members, has been unparalleled. The AvSuper team has worked tirelessly to maintain our service levels despite the disorder. This has included adjusting our traditional face-to-face services to video or phone as we've kept you informed of changes and opportunities around your super. For instance, we were still able to introduce daily unit pricing in December 2020.

During FY2021, we have continued to navigate frequent regulatory changes. This will persist in the coming months with the introduction of the Your Future Your Super legislation.

As a not-for-profit fund, our fees represent a transfer of costs of running the fund. We reduced some investment fees in November 2020. Importantly we also **reduced administration fees** during the year via effective expense management.

We made changes to our investment strategy and composition of the portfolio during the 2021 financial year. Pleasingly, our current year investment performance has been very positive – we have performed strongly against both the investment objective and comparatively against other funds.

Over the coming year we will continue to put our members first. This will include a further review of fees, increased efficiencies through better administration, product development and further investment opportunities. I look forward to communicating these changes to you over the course of the year.

After a year with so much turbulence, I would like to acknowledge the professionalism and commitment of our Board, our staff and service providers. Their combined efforts in continuing to deliver a high standard of member service have been substantial.

And finally, I thank you, our members for your continued commitment to and support of AvSuper. AvSuper exists to serve our members and is always our first consideration.

Michael Sykes
(Chief Executive Officer)

Investment Fee Reduction

By reviewing and managing our investment managers, we were able to reduce investment costs for two investment options from 30 November 2020. We also reduced our administration fees to 0.19% for accumulation accounts and 0.17% for income streams.

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 in the 'My details' section of AvSuper Online (AOL). Either way, your previous statements are available at any time on AOL in the Document Centre.

Identification changes

Since 1 August 2020, we are confirming member identity electronically by default. This ensures greater protection against fraudsters attempting to access your super.

Daily unit prices

From 30 November 2020, AvSuper calculates the unit price of our investment options each business day rather than weekly.

DID YOU KNOW?

Our awards and ratings are listed as successes on the [About AvSuper page](#) on our site.

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 we successfully moved to Mercer Administration Services as our new administrator in November 2020.

Digital Communications

Since transition, most communications from AvSuper are being done electronically so you get information faster. You can of course request hard copies of documents.

Radar

An improved version of our super projector, Radar, was added to our website in March. Radar can now show you a potential super balance and retirement income for you and a spouse in a range of scenarios (such as career breaks, change in income and different retirement ages).

Additionally, we have added a [Defined Benefit calculator](#) to our main site to help you assess your retirement balance and test different strategies.

DID YOU KNOW?

- Our Growth (MySuper) option ranked in the top quartile for Fund returns in the June 2021
- 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.
- Insurance cover ends if you are out of Australia for 3 or more years (but fees may continue if you don't tell us you've left the country!)

Our second Annual Member Meeting will be online on Thursday 7 October, 2021

Stay tuned for details!

AvSuper ranked first in the 2020 CSBA Super Fund Member Satisfaction Survey for:

- ✓ total score
- ✓ trust the Fund acts in my best interests



AvSuper welcomes our new staff!



Michael Sykes
Chief Executive Officer



Scott Carle
Senior Member Advice Consultant



Jessica Gair
Member Advice Consultant

MAKING CONTRIBUTIONS GOT EASIER!



Did you know you can make personal and spouse contributions via Bpay now? Your reference numbers are in AOL.



Log into AvSuper Online (AOL) or call us to update your details, arrange a rollover, get a Centrelink Schedule or apply for insurance.

WE'RE USING MORE DIGITAL COMMUNICATIONS

So we need your email address. Provide or update your email address via AvSuper Online (AOL) or by calling 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 conducted in person or online.

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.



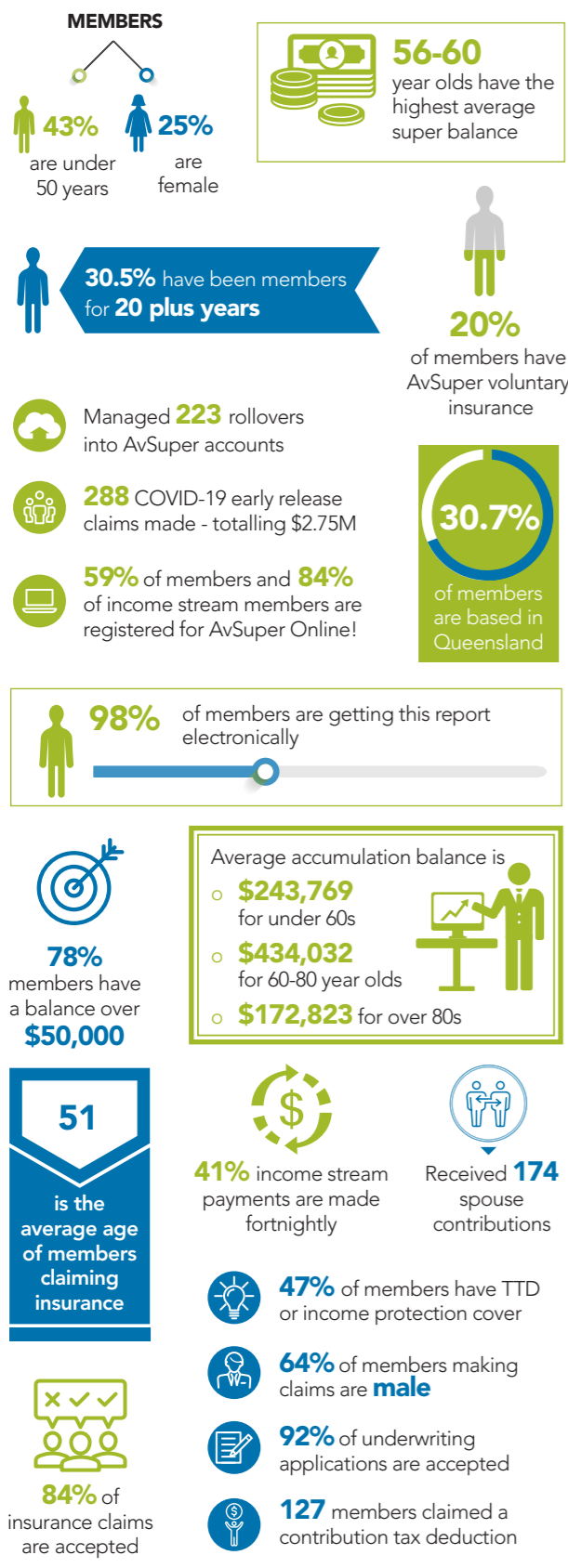
STANDING: Scott Carle, Julie Peters
SEATED: Jessica Gair, Kong Lau, Debbie-Jane Campbell

Administration Manager's Update



Naomi Mole
Administration Manager

AvSuper as at 30 June 2021



MAKING BINDING BENEFICIARY NOMINATIONS

Nominating who you would like to receive your super if you die is one way to help provide for your loved ones. But did you know that a non-binding nomination will only guide the Trustee in distributing your savings?

On the other hand, a valid binding nomination is a legally binding statement to the Trustee outlining how you want your super and any associated insurance payments distributed after you die.

A binding nomination gives you more control and can help divide your estate in a more tax-effective way, too.

To make a binding nomination simply

- complete our Nomination of Beneficiaries form
- have two adults witness you sign the form
- return the form to us

Have an income stream?

A reversionary beneficiary nomination is also an option for you if you have only one beneficiary.

AvSuper Insurance

CHANGE HAPPENS SO PREPARE NOW

- 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 to protect YOUR family.

1300 128 751

Terms, conditions and eligibility requirements apply.



Our Members

While we focus on the aviation and aviation safety industries, our members are a diverse group. Members have always and will continue to be the reason for AvSuper's existence – that isn't changing!

Below are some comments from members in our satisfaction survey:



16% are Air Traffic Controllers
12% are aviation fire fighters
616 have an Income Stream
1,245 have been members for over 20 years

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.



Leading Upwards

AvSuper strives for the best for our members, through personalised service and excellence in our fields. We monitor the super and related industries, working for positive changes where practical.

We are members of the Association of Superannuation Funds of Australia.

Our CEO and Investments Manager are CIMA qualified (amongst only 300 in the country!).

Our team includes a Director of Women in Super and Mother's Day Classic Boards, and generous staff who give to their communities by participating in the Mothers Day Classic, donating blood and plasma, being an artillery gunner for the army reserves, and volunteering with Neighbourhood Watch, scouts and a shelter.

Federal Budgets and Legislation

Due to COVID-19 and the level of uncertainty in the world, the Government delayed the 2020 Federal Budget to 6 October 2020.

For super, the key elements of the 2020 budget revolved around giving all employees a single super fund for their working life and an ATO comparison tool.

The 2021 Federal Budget was focussed on jobs and supporting economic recovery from the pandemic.

Our [Budget 2021 factsheet](#) outlines the proposed changes to super, but the key messages were:

- lowering the age for eligibility to make downsizer contributions to 60 years
- removing the \$450 minimum threshold for Superannuation Guarantee contributions
- removing work test requirements for non-concessional and salary sacrifice contributions
- increasing the maximum First home super savers scheme (FHSSS) withdrawal to \$50,000
- adjusting the Pension Loans Scheme, with access to two lump sum advances.

Your Retirement

Super suddenly takes on a new level of interest as we start to think about retirement. We all know super is there to fund our retirement, but the practicalities of how to access and use that money isn't so well known. Having an understanding of how your super works helps you make informed decisions. Small changes now are easier than big changes later, and much easier than not having enough money in retirement, so seeking advice early can make a big difference.

Your retirement choices

There are flexible options available to super fund members when retiring or upon reaching your preservation age (an age the Government declares as suitable for accessing your super). Your choices include:

Doing nothing different

There is no requirement to do anything with your super upon retirement. If you have other resources to support your lifestyle, you can leave your super as it is to continue to grow.

You may be able to withdraw lump sums occasionally while the bulk of your savings stays in your super account.

Starting an income stream

An income stream means your super savings are paid to you in gradual instalments. Thus your super stays invested while giving you a reliable income. Plus, you don't pay tax on income stream's investment earnings, nor on payments if you are over 60.

AvSuper Income Streams offer full investment choice, a strong returns history and personalised service – and they cost less than our super accounts.

Taking a lump sum

Alternatively, you may elect to take your super as one or a few lump sums to reduce debt or cover costs as required.

Taking a lump sum gives you complete control of your money, however, you will have to manage it to provide enough money for your retirement which may be 30 plus years. If you remove money from the super system, it is not always easy to purchase a super income stream later.

Investment Manager's Overview



Sue Field
Investments Manager

It has been an exceptional year for equities growth and return. This is reflected in AvSuper's Growth (MySuper) Option which returned 20.6% for the year. This is the highest rolling one year return in AvSuper's 30-year history. The Growth (MySuper) option returns over the longer period continue to be strong at 7.9% over three years, 8.7% over five years and 8.4% over ten years.

In comparison

AvSuper also performed well overall in peer rankings. The Growth (MySuper) option performance was well above median for all MySuper funds*. Our Cash and High Growth options are both in the first or second quartile against peers from one year through to ten years. Whilst our primary focus is to achieve our investment objective for each option, we remain aware of how we are tracking relative to similar funds' performance. We do this to ensure we are providing competitive outcomes for our members.

Market overview

The large losses sustained in the 2020 financial year have generally been recovered. Notably our Australian (23.6%) and International Equities (26.9%) and Private Markets (21.0%) sectors did extraordinarily well this year. We were pleased with our alternatives sector which includes hedge funds (8.03%).

However, the low interest rate environment had a big impact on cash (0.38%) and fixed income (1.6%) returns, noting that fixed income and interest rates in general are staying at historically low rates. We continue to watch the US Federal Reserve for signs of rate increases or inflationary pressures, which will in turn force all other central banks down the same path.

FY2021 changes

During 2020-21, AvSuper undertook a number of changes to further improve our investment performance. We amended the Growth option's Strategic Asset Allocation and adjusted its equity manager line up. This included adding new investment managers, Hyperion (Australian Equities), Baillie Gifford (International Equities)

and Flexstone (Private Markets). The alternative investments sector was also updated. These investments provide diversification and are not directly aligned to share markets, so often provide a buffer against short term fluctuations.

Additionally, unit pricing moved from weekly to daily on 30 November 2020. This allows for ease of switching for members and increased pricing transparency.

Your Future Your Super

July 2021 sees the commencement of the Your Future Your Super (YFYS) laws, originally announced in the October 2020 Federal Budget and legislated in late June 2021. Among the changes is a retrospective investment performance test for MySuper products.

The test looks at the last seven years' performance for each MySuper option and compares that to a legislated benchmark for the Strategic Asset Allocation (SAA) for that option. If the performance over seven years is more than 0.5% under the benchmark, then the fund has 'failed' the test, regardless of individual fund circumstances. In targeting our stated investment objective for each option, AvSuper has historically been prepared to take less risk than the stated long-term SAA if we determined it to be in members' interest. While this approach mitigates risk, it may mean a lower return than would be returned by the SAA.

FY2022 outlook

With the markets at all-time highs, the outlook for 2021-22 is mixed and will depend on the ongoing pandemic situation. Going forward, we expect global growth to be around 5% due to the pent-up demand for spending resulting from the savings incurred during the pandemic lockdowns around the world. This will continue for the next year or so until spending returns to normal levels as the pandemic becomes under control.

AvSuper is looking forward to the challenges and opportunities in 2021-22 and continuing to provide you long-term returns with an acceptable level of risk.

KEEP IN TOUCH WITH OUR INVESTMENTS

- monthly investment update
- bimonthly performance updates
- daily unit prices
- investment factsheets, including our [Responsible Investment factsheet](#)

AvSuper Long Term Returns

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

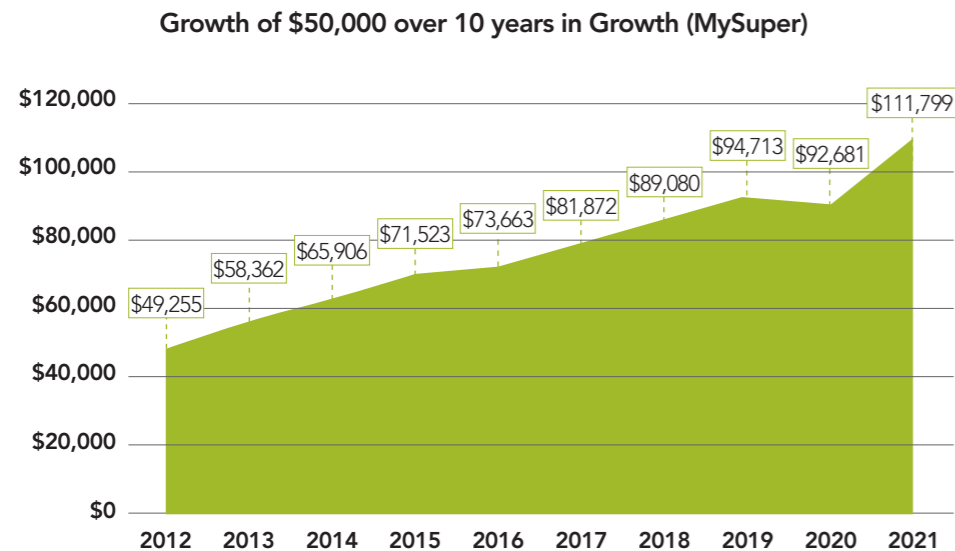
Accumulation Account Returns to 30 June								Income Stream Returns to 30 June							
							Compound Average								Compound Average
INVESTMENT OPTION	2021	2020	2019	2018	2017	5 yr*	10 yr*	INVESTMENT OPTION	2021	2020	2019	2018	2017	5 yr*	10 yr*
Growth (MySuper) (default)	20.6	-2.1%	6.3%	8.8%	11.1%	8.7%	8.4%	Growth	22.1	-1.8%	7.0%	9.9%	12.6%	9.7%	9.5%
Conservative Growth	7.2	0.5%	4.5%	4.4%	5.1%	4.3%	5.0%	Conservative Growth	8.5	0.4%	5.3%	5.0%	5.9%	5.0%	5.7%
Stable Growth	11.2	0.1%	5.3%	6.1%	7.0%	5.9%	6.4%	Stable Growth	12.7	-0.2%	6.0%	6.9%	8.0%	6.6%	7.1%
Balanced Growth	14.9	-1.2%	5.6%	7.2%	9.1%	7.0%	N/A	Balanced Growth (default)	16.7	-1.2%	6.4%	8.2%	10.3%	7.9%	N/A
Diversified Index	17.0	-0.7%#	N/A	N/A	N/A	N/A	N/A	Diversified Index	19.3	-0.2%	N/A	N/A	N/A	N/A	N/A
High Growth	26.9	-3.0%	6.6%	10.7%	14.4%	10.7%	10.3%	High Growth	28.8	-2.8%	7.2%	11.9%	16.1%	11.8%	11.3%
Cash	0.33	1.1%	1.8%	1.7%	1.7%	1.3%	2.2%	Cash (default)	0.41	1.3%	2.1%	2.0%	2.0%	1.6%	2.4%
Australian Shares	27.5	-7.6%	5.9%	12.4%	14.6%	9.9%	9.1%	Australian Shares	27.7	-6.4%	6.7%	14.2%	16.3%	11.1%	9.9%
International Shares	27.5	0.6%	6.5%	9.8%	15.4%	11.6%	11.1%	International Shares	31.8	0.3%	6.6%	10.6%	17.3%	12.8%	-

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.

How These Returns Affect Members

Superannuation is the key to long term compounding returns designed to help you have a better income than the age pension. To illustrate how those long term returns have impacted on our members' retirement savings, we have developed a sample for you.



Private Equity

Private equity is essential for economic growth globally, as managers seek growing companies to build, transform and globalise utilising their expertise and resources. Once expanded in a meaningful way, the company is sold when it can operate on its own.

Generally, the manager asks investors to commit to an amount (eg \$20m) and then requests lump sums over a set period (often five or ten years) as private investment deals are found.

AvSuper uses the Private Markets sector for its long term investment strategy, sometimes investing for 15 years. Therefore we need to ensure that managers have the requisite skills and alignment of interests for the long term.

This asset sector is generally not available to retail clients. The limited access to these types of investments can be the difference between receiving medium returns versus higher returns. It is very illiquid which sounds risky, however it's a long term investment.

Continuity Capital

Continuity Capital is an investment management firm focussing exclusively on private equity and private credit investment opportunities. It's investment team is one of the most experienced in Australia and New Zealand, operating from offices in Australia and Hong Kong.

AvSuper invested in Continuity Capital's fifth private equity fund, which provides exposure to small and mid-sized Australian and New Zealand private companies. We are pleased to have the opportunity to help local businesses and our economy whilst also getting sold returns for our members.

The fund has returned 15% net IRR since inception (to 31 March 2021).

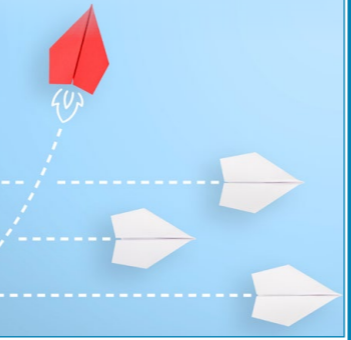
Supporting Australian foods

An example of an investment in the Continuity Capital portfolio is Birch & Waite, a Sydney-based manufacturer and distributor of fresh condiments, mayonnaises, sauces, dressings, dips and desserts. The company's products are used by a range of food service outlets and quick service restaurants and are available in major supermarkets.

On your behalf, Continuity Capital invested alongside Fortitude Investment Partners to finance Birch & Waite's expansion into new locations, new product development and larger production facilities. The company's focus on locally sourced, fresh ingredients and quality has led to a strong reputation amongst Australia's professional chefs, with Birch & Waite winning 'Best Hollandaise' at the 2021 ChefsDecision™ Awards and 'Best Mayonnaise' at the 2020 ChefsDecision™ Awards.

OUR INVESTMENT STRATEGY

AvSuper's objective is to maintain and grow our members' retirement savings. We maintain a long-term focus with an aim for solid returns.



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 2021, AvSuper's assets were managed by the following entities:

AUSTRALIAN SHARES	<ul style="list-style-type: none">Cooper Investors *Hyperion	<ul style="list-style-type: none">Macquarie True IndexSchroders *Wavestone Capital
INTERNATIONAL SHARES	<ul style="list-style-type: none">Ariel Investments *Baillie GiffordHardman JohnstonMFS Investment Management	<ul style="list-style-type: none">Macquarie Investment ManagementMartin Currie Investment ManagementSanders Capital
ALTERNATIVES	<ul style="list-style-type: none">Aurum Asset ManagementBentham	<ul style="list-style-type: none">Kapstream CapitalStone Harbor Investment Funds
REAL ASSETS	<ul style="list-style-type: none">ATLAS InfrastructureBrookfieldEG Property GroupEureka Funds ManagementFranklin Templeton Investments	<ul style="list-style-type: none">Investa *Macquarie Investment ManagementNorth Haven InfrastructureQIC Global InfrastructureThe GPT Group
DIVERSIFIED FIXED INCOME	<ul style="list-style-type: none">Loomis Sayles *	<ul style="list-style-type: none">Macquarie Investment Management
CASH & CURRENCY	<ul style="list-style-type: none">Bank term deposits (various)Blackrock Cash Fund *	<ul style="list-style-type: none">Citi Global Market AustraliaRussell Investments
PRIVATE MARKETS	<ul style="list-style-type: none">Coller CapitalContinuity Capital PartnersFlexstone Partners	<ul style="list-style-type: none">Hayfin Capital ManagementPartners GroupSiguler Guff

*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 12 to 13) 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	Mercer Administration Services
Auditor	Ernst & Young
Internal auditor	Willis Towers Watson
Group Life Insurer	Hannover Life Re Australasia
Investment Adviser	Frontier
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](#) from our website.

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

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 day'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. 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.

Our Cash, Australian Shares and International Shares options invest in only one asset class each. 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 allocation.

AvSuper's Diversified Index option invests in Macquarie True Index to offer something unique with a balanced index return.

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 reserve to cover losses arising from significant operational risks and risk events (not otherwise covered).

	Reserve balance	Change from prior year
2021	\$10,534,277	+\$37,164
2020	\$10,497,113	+\$45,816
2019	\$10,451,297	+\$39,812

AvSuper Diversified Options

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

Strategic asset allocation effective since 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	29%	20 - 45%
International Shares	33%	20 - 45%
Real Assets	19%	0 - 45%
Private Markets	7%	0 - 15%
Alternatives	5%	0 - 30%
Diversified Fixed Income	4%	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	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 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	9%	0 - 20%
International Shares	11%	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	4	
Risk label	Medium	
Estimated frequency of negative annual returns in 20 years	2 to less than 3	

Strategic asset allocation effective since 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	13.5%	5 - 30%
International Shares	16.5%	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	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 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	19%	10 - 35%
International Shares	24%	10 - 35%
Real Assets	18%	0 - 35%
Private Markets	5%	0 - 10%
Alternatives	8%	0 - 35%
Diversified Fixed Income	14%	0 - 35%
Cash	12%	0 - 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 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	31.5%	15-50%
International Shares	38.5%	15-60%
Real Assets	0%	0%
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 30 November 2020

Asset Class	Benchmark	Range
Australian Shares	40.5%	20 - 70%
International Shares	49.5%	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 with minimal chance of capital loss.

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 30 November 2020

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 30 November 2020

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 30 November 2020

Asset Class	Benchmark	Range
International Shares	100%	N/A

Image of Alice Springs airport courtesy of Marc Merlin

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 30 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

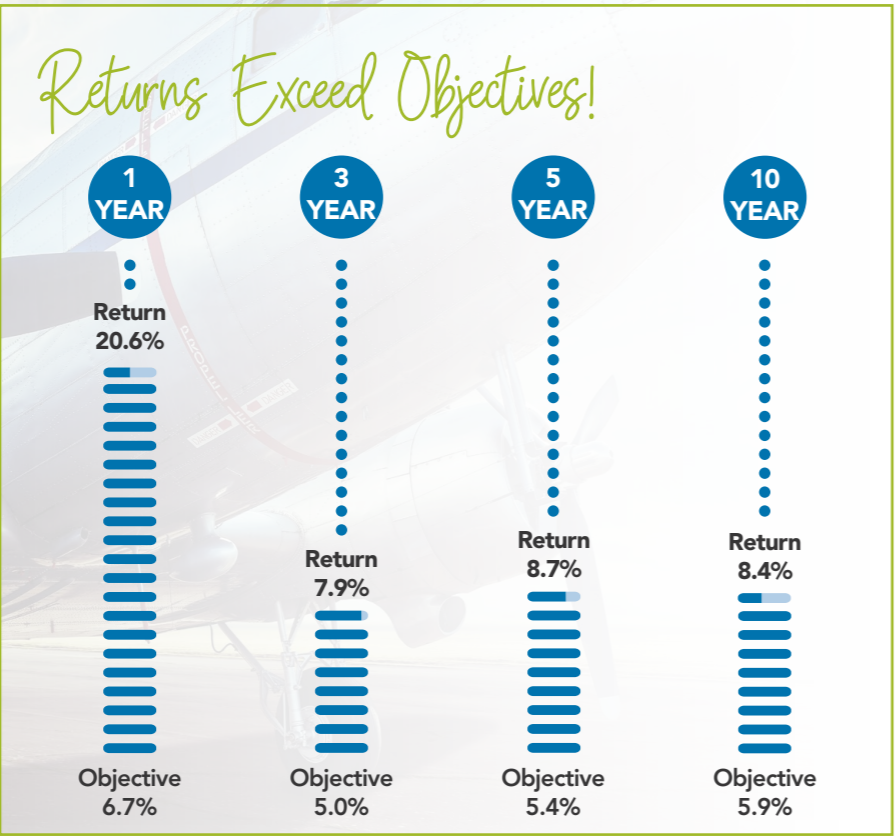
For our Defined Benefit members, Airservices Australia and CASA make lump sum contributions rather than on a per member basis. Currently, there is a surplus so Airservices Australia and CASA are on a "Contributions holiday" and not contributing to the Fund in 2020-21. The Trustee is satisfied this will 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 2020-21	11.3%
Five year compound average return per annum	5.6%
Ten year compound average return per annum	6.6%

Long term strategic asset allocation at 30 June 2021

Asset Class	Benchmark	Asset Ranges
Australian Shares	13.5%	5-30%
International Shares	16.5%	5-30%
Real Assets	17%	0-30%
Private Markets	5%	0-10%
Alternatives	8%	0-40%
Diversified Fixed Income	20%	0-40%
Cash	20%	0-40%



Your AvSuper Trustee

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

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 super, investment management and the wider aviation industry.

The Principal Employer, Airservices Australia, nominates three employer representative Directors (Ms Schafer, Mr Burgess and Mr Rothwell) and the three member representatives are nominated by the ACTU (Mr Firkins, Mr Farrell and Mr Brades). The Trustee appoints three independent directors (Mr Cox, Ms Orr and Ms Darroch).

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.



NUMBER OF TRUSTEE BOARD AND COMMITTEE MEETINGS ATTENDED PER FINANCIAL YEAR (2021)					
Director Name	Board	Audit Compliance & Risk Management Committee	Investment Committee	Administration & Member Services Committee	Remuneration & Nomination Committee
B Firkins	9	4	2	-	6
D Allen	7	-	4	-	3
S Brades	9	4	-	4	1 [#]
G Burgess	9	1 [#]	1 [#]	4	-
L Cox	9	-	6	-	6
S Darroch	NA [#]	NA [*]	NA [*]	NA [*]	NA [*]
M Farrell	9	4	-	4	-
H Mathews	8	4	5	-	5
S Merlicek	9	-	6	4	-
T Rothwell	NA [*]	NA [*]	NA [*]	NA [*]	NA [*]
J-A Schafer	8	4	-	3	6

Joined the Board on 25 May 2021 *Joined the Board on 27 June 2021 ## Joined the Committee on 8 April 2021

- AvSuper directors belong to committees as part of our Governance framework. Each committee has a Chair and meets as often as required and at least quarterly. Our four committees are:
- Investment Committee:** Assists the board to develop investment strategy and oversee the Investment Governance Framework implementation

Audit, Compliance and Risk Management: Oversees the systems of risk management, internal controls, financial management and compliance with applicable laws
- Remuneration and Nomination:** Oversees AvSuper employment arrangements and remuneration, as well as Board governance, composition and conflicts

Administration and Member Services: Oversees the provision of member services, claims, insurance, complaints and general administration

Abridged Financial Statements 2021

Following is a summary of AvSuper's financial statements for the last two financial years. The 2021 data is based on unaudited accounts - the full audited financial statements and auditor's report will be on our website by 30 October 2021.


Statement of changes in net assets for the period ended 30 June		
	2021	2020
Opening balance at beginning of financial year	\$2,389,691,446	\$2,451,907,790
Plus Income		
Contributions received	\$74,872,240	\$72,880,215
Transfer from other funds	\$18,105,232	\$25,372,645
Net investment income	\$389,698,326	-\$36,340,465
Insurance paid to members	\$769,296	\$3,142,290
Less Expenses		
Benefits paid and payable	\$124,404,108	\$117,378,883
Insurance expenses	\$5,395,267	\$2,704,953
Operating & administration expenses	\$3,627,204	\$6,398,898
Tax on contributions	\$8,958,896	\$8,856,553
Income tax expense	\$32,402,269	-\$8,068,258
Closing Balance	\$2,698,348,796	\$2,389,691,446

AvSuper Trustee Snapshot



9

Number of directors



5

Average number of directors per committee



33%

Have an investment background



44%

Have an aviation background



4

Number of trustee committees

Changing your contributions

Whether you've just started working or are thinking about retirement, the best way to build your super (and prepare for a better retirement lifestyle) is to make contributions to your super account.

How to make contributions

You can make contributions via BPAY, or directly into our bank account (call us for account details) using your member number as the reference and telling us the details via our online contributions form. For salary sacrifice arrangements or for an after-tax deduction for super, please speak to your employer.

Choosing your contributions

Once you have decided to make a contribution to your super - and that is an effective way to build your retirement savings! - you will need to decide what type of contribution you will make.

How much to contribute

Obviously, this depends on your situation and what you can afford. Even small amounts added to your super regularly can make a huge difference to your retirement lifestyle.

Keep super in mind when you get unusual lumps of money, such as a tax return, inheritance or pay rise. And remember to look at your tax options, too.

It's also important to consider Government contribution limits (see the [fact sheet on our website](#)). You will be taxed more on contributions above those limits but it may still be beneficial for you to make contributions – talk to our team if you are nearing your limits.

AvSuper accepts all types of super contributions:

- Personal lump sums
- Personal regular payments
- Spouse contributions

- Government Co-contribution
- Employer contributions (SG)
- Employer (salary sacrifice)

- Government low income super tax offset (LISTO)
- Employer (after-tax deductions from your pay)

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 within 45 days of receiving your complaint (or 90 days for a death benefit distribution complaint).

3.

You may have the right to refer the matter to the Australian Financial Complaints Authority (AFCA), although they generally expect you to use AvSuper's complaints process first. 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.

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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 has Rainmaker AAA ratings for our 2021 accumulation and income stream products



Contact Us

Phone: 1300 128 751 or 02 6109 6888

Email: avsinfo@avsuper.com.au

Post: AvSuper, PO Box 223, Civic Square, ACT 2608

www.avsuper.com.au



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