

Super fair and square



2019–2020 Annual Report



equíp



Important information

Changes in legislation allow super funds to publish their fund information online. To reduce production and distribution costs to members, we publish our annual reports as a PDF for download from our website equipsuper.com.au

If you wish to receive a printed copy of the annual report by mail, free of charge, you can call our Helpline 1800 682 626 or email equipsuper.com.au/contact to request one.

This information is published by Togethr Trustees Pty Ltd ABN 64 006 964 049, AFSL 246383 ('the Trustee'), the Trustee of the Equipsuper Superannuation Fund ABN 33 813 823 017 ('Equip'). It is provided for general information only and does not take into account your personal objectives, financial situation or needs and should therefore not be taken as personal advice.

You should consider whether it is appropriate for you before acting on it and, if necessary, you should seek professional financial advice. Before making a decision to invest in the Equipsuper Superannuation Fund, you should read the appropriate Equip Product Disclosure Statement (PDS).

Past performance is not a reliable indicator of future performance.

Togethr Financial Planning Pty Ltd (TFP) (ABN 84 124 491 078, AFSL 455010), trading as Equip Financial Planning, is licensed to provide financial planning services to retail and wholesale clients. TFP is owned by Togethr Holdings Pty Ltd (ABN 11 604 515 791).

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About us

Equip is part of the Togethr group of superannuation funds – a not-for-profit superannuation business focused on achieving the best possible financial outcomes for all members in their retirement.

Vision/purpose

Our Vision is for excellence in super, delivered with care.

Our Purpose is to support our members to prepare for financial freedom in retirement.

Values



We put members first

- We invite the member into the room
- We don't assume, we ask
- We ask if there is a better way



We do what we say we will do

- We are happy to be judged on our results
- We measure our progress
- We communicate, empower and are accountable



We collaborate and innovate

- We find solutions that are clever
- We are not afraid to change course



We celebrate success

- We celebrate big and small wins
- We measure by milestone not final result



Chair's report

This has been a year of extremes. Since our last Annual Report, we have witnessed parts of Australia in crippling drought, followed by some of the worst bushfires that this country has faced. Just as we were dealing with the scourge of these natural disasters, the COVID-19 pandemic arrived in this country.

You are only too aware that COVID-19 has sparked a local and global crisis that has spanned every industry and touched every one of us in ways that we had never wanted to imagine. Many businesses have had to pivot – adjusting their strategies, making significant operational changes, and all the while supporting their people and customers through the uncertain times.

Equip is no different. When the magnitude of the international pandemic became clear, our Fund prioritised supporting members, including facilitating the government's Early Release of superannuation, and the Minimum Pension Reduction Schemes.

This also involved us adjusting to a constantly changing policy environment, a Retirement Income

Review announced by the federal government, and the introduction of putting Members Interests First legislation into the Parliament.

Whilst change has been a constant in our industry, we have endured more of it in the last 12 months than normal. As a trustee, we continue to pursue proactively our core purpose of supporting our members to prepare for financial freedom in retirement. Whilst other funds are talking about ways to streamline and improve their offering, Equip has acted! We established our joint venture with Catholic Super in October 2019, whereby Togethr Trustees Pty Ltd (formerly Equipsuper Pty Ltd) became the trustee of both Equip and Catholic Super.

By anticipating the Government's imperative for superannuation funds to adapt and to consolidate, Equip has positioned itself at the forefront of innovation. Importantly, through this joint venture, we have significantly more resources at our disposal, making it easier to offer the excellent support, services and investment returns that you our members seek and deserve.

Our industry leading Extended Public Offer Licence (EPO) allows us to combine with other funds, whilst still keeping their unique identity and trusted relationships with their members and employers. This is complemented by our significant successor fund transfer skills and experience.

This combined capability delivers to our Fund, the efficiencies and opportunities derived from economies of scale, in areas of investment, insurance, services and technology.

Our growth strategy will ensure that Equip remains at the forefront of financial success. Our vision is to see the Fund grow to house 300,000 members and manage \$50 billion by 2025. We passionately believe that growth and scale drive significantly better members outcomes for retirement.

With our Members' interests at the forefront of our strategy, it's important that when looking to the future we maintain our best practice governance standards. Our commitment to rigorous stewardship is clear.

Our skills based Board, have a comprehensive knowledge of the superannuation industry which further assists in the maximising of retirement outcomes for Members.

Regulatory changes are slowly forcing all funds to embrace a 'member first' approach to governance. As an industry leader in this area, Equip has always focused on how best to support the retirement aspirations of members.

We are on schedule to adopt the Insurance in Superannuation Code of Practice. It is designed to improve superannuation member value and protection. We are also poised to embrace the early application of Prudential Standard SPS515, dealing with Strategic Planning and Member Outcomes.

In closing, I want to acknowledge the dedication and hard work of Directors that have retired from their roles in October, due to the merging of two Trustee Boards as a result of the joint venture. A big shout out to John Azaris for his wisdom, commitment and collegiality over more than 10 years as Director of the Trustee company.

With great sadness, we also said goodbye to Wayne Walker, who was a Director of the Trustee company from 1 July 2017 to 21 October 2019. Wayne passed away in November 2019 after battling illness for many months. With his actuarial skills, and his vast industry experience, Wayne's fierce intellect and his curiosity were invaluable to the Trustee Board.

As always, we seek to ensure that our Members have the information, advice, products and services that they need both now and into retirement. Earning and deserving our Members trust is an essential part of our success, and we strive assiduously to do that. We look forward to achieving that aim, and overseeing another prosperous year, for you our Members.



Andrew Fairley AM
Chair



From the CEO

When Equip and MyLife MyMoney joined together in October 2019, we could not have imagined what a whirlwind it would be. Natural disasters, major policy changes and increased regulatory scrutiny for the superannuation industry, our joint venture with Catholic Super, COVID-19, erratic financial markets ... it certainly has been a year for change.

I am pleased to say, the Fund has managed these challenges well – focused on providing excellence in super delivered with care, and supporting our members to prepare for financial freedom in retirement.

Despite the worst market downturn since the global financial crisis, Equip members benefited from a Top 10 investment performance over the past 12 months, with numbers to June 30 2020 showing our Balanced Growth option returned 1.7%. The independent SuperRatings median for similar fund allocations was a loss of -0.8% for that period. For the fifteenth consecutive year, we also received the

highest platinum performance award as a 'Best value for money' fund, by SuperRatings. Only the top 15% of funds are awarded this. Providing competitive long-term investment returns and being recognised as an industry-leading trustee are two of our strategic objectives.

Our joint venture with Catholic Super, under the banner of Togethr Trustees, has made Equip part of an overall operation managing \$26 billion. In the medium term this will reduce supplier and Fund administration expenses and aid strong and consistent investment returns for members.

Togethr Trustees' proactive approach has already identified other growth opportunities. We recently merged Dow Australia Superannuation Fund and Pitcher Partners Retirement Plan into Equip, adding over 1,100 new members. We'll continue to pursue scaled growth when it's in our members' best interests, and preserve our socially responsible investing values.

The pandemic has also meant record call and website traffic, increased services and support for members, and millions in early release payments and pension changes. Importantly, we continued to live our brand promise of 'Super: fair and square.' Despite the pandemic the Fund assisted 3,081 members face to face in workplace and after hours seminars, webinars and one on one meetings.

With scale and long-term benefits for members in mind we have set about integrating the funds – creating a single executive team, building a new organisational structure, preserving the best of different cultures, harmonising terms and conditions and developing a common vision, purpose and shared set of values. Added to these demands was all 200 employees working remotely for a good part of the year, due to COVID-19. I've thanked everyone in the team for an exceptional job adapting to major changes in a short period of time; all while ensuring members remained the number one priority.

Another, very special, thanks to members on the frontline in the energy, resources, water, infrastructure and manufacturing sectors. So many essential workers, put at risk, during the pandemic. We couldn't get through this without you.

As I look forward to next year and beyond – in a new 'COVID-normal', we will continue to be focused on unlocking more benefits from our joint venture with Catholic Super, increasing our capability and capacity for growth, and reaching out further to employers. Most importantly, we'll continue to commit to improving the Fund's performance, and the support and services we offer our members.



Scott Cameron
Chief Executive Officer

Our Fund



>\$15.9b

FUM*



68,849

members



47,733

contributing
members^



69.3%

of members
contributing



>\$622m

in contributions



13.6%

of members
salary sacrificing

* Funds under management.

^ We use Superannuation Guarantee, salary sacrifice and member voluntary contributions to calculate contributing members.

Net returns

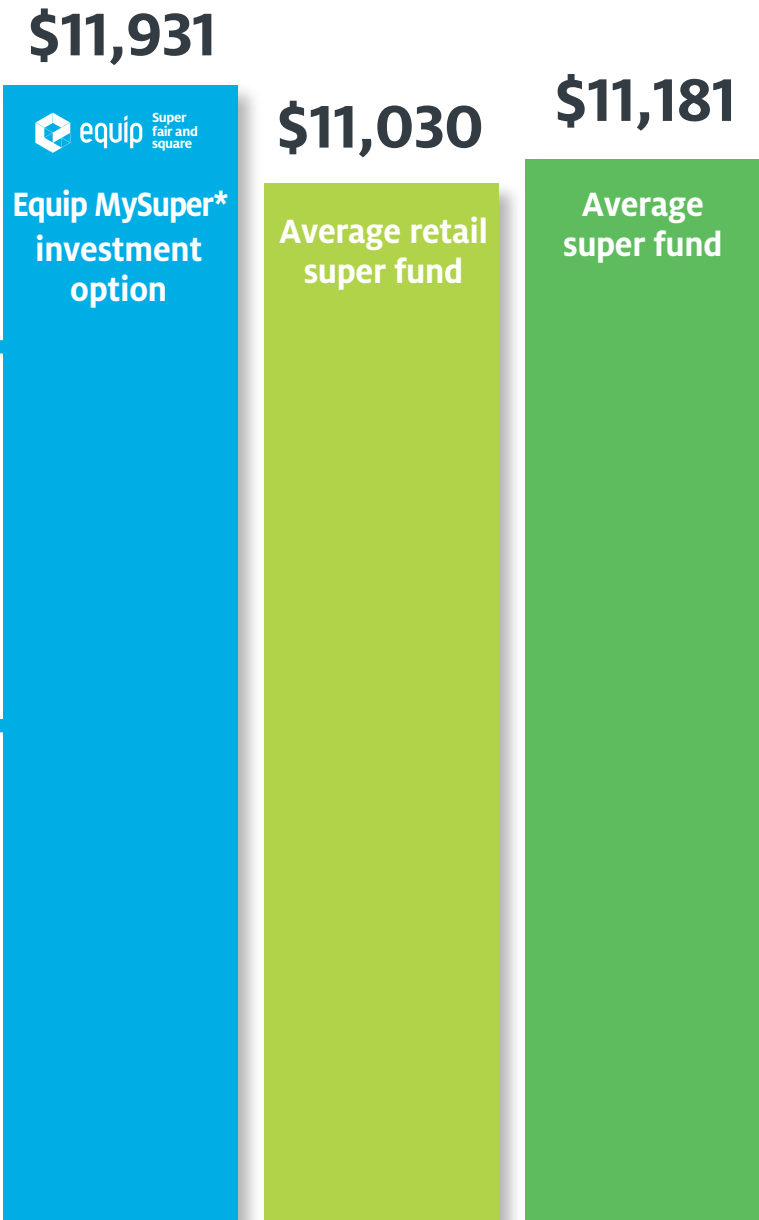
How we stack up

With low fees and strong returns, you can be confident your Fund is performing over the long term.

Over five years to 30 June 2020 and after fees, Equip’s MySuper investment option returned \$901 more than the retail fund average and outperformed an all-fund average by \$750.^

**EQUIP MYSUPER OPTION
(70% IN GROWTH STYLE ASSETS)**

* Equip MySuper is a low-cost, balanced investment option. It is the default investment allocation if you do not provide us with a preference.



^ Source: Chant West (chantwest.com.au)

Past performance is not a reliable indicator of future performance. Net returns are compared for a member balance of \$200,000. Net returns are calculated based on the annualised investment return (after tax and investment fees) over the five years to 30 June 2020 and the latest administration fees as at September 2020. The retail super category includes corporate funds, corporate master trusts and retail master trusts. For important information about the data provided by Chant West, see p. 40 of this report.

Member outcomes

Member outcomes are our biggest priority. Equip has invested a lot in understanding our members, our people and technology.

We can, and do, measure the effectiveness of our investments and how they translate into improving members' experience of the Fund. We're working to make sure members enjoy great service, get the right advice and support and can retire comfortably.

Around half of our members have logged in to their account online over the last 12 months, accessing information about their super, investments and insurance. Members were also kept informed through email, Facebook, LinkedIn and Twitter.



Member experience

- Focus on better retirement outcomes
- Delivering an end-to-end experience relevant to members
- Supporting members with personalised experiences
- Providing trusted financial advice and support

Growth

- Sustainability
- Competitiveness
- Value for money
- Cost-efficiency

Governance

- Best interests of members
- Skills-based board appointments
- Independent directors
- Compliance focus

Investments

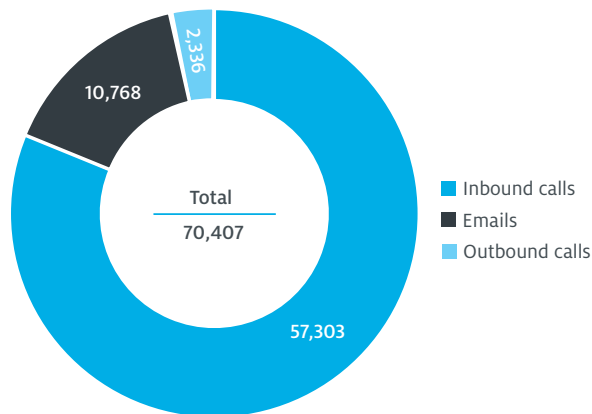
- Strong returns
- Risk-managed portfolio
- Long-term focus
- Well-designed default options



Service Centre insights

We are pleased to have supported our members by answering 57,303 calls over the year. Our super experts helped explain to employers the legislative updates and assisted payroll staff to manage superannuation payments.

MEMBER CONTACTS



Our members tell us they want regular, relevant and timely engagement; so we utilise our omni-channel approach to interact with them in their everyday lives. Some of the topics we covered this year included:

- super and financial advice offers, particularly during the height of the COVID crisis
- helping members combine their super – \$2.4 million, including lost and unclaimed super, was rolled into members' accounts this year
- an expression of thanks to all those working on the frontline during the pandemic.

Employer engagement

Financial
planning



730

attendees at
15 seminars

Workplace
activities



1,485

attendees at
139 seminars



866

one-on-one
meetings

3,081
total members
reached



Awards

Equip continues to live its brand promise of ‘Super fair and square’.

We won the Money Magazine Best of the Best and Selecting Super Best Cheapest Retirement Product Award for our account based pension product. The award is assessed on the lowest priced retirement product for members with a retirement account balance of \$250,000 or less. Funds must be public offer and AAA rated by independent ratings agency, SelectingSuper.

In the 2019 SelectingSuper Awards, we also won:

- Best Value Insurance – Equip MyFuture Product
- Best Insurance, High Risk – Equip MyFuture Product.

For 15 consecutive years, independent ratings agency SuperRatings awarded Equip the highest platinum performance rating as a ‘Best value for money’ fund – awarded to only the top 15% of funds.

Our My Future – Sustainable Responsible Investments option was recognised as a finalist in Money Magazine’s Best of the Best Awards 2020. This category ranks super products that invest according to environmental, social and governance (ESG) principles, including being ethical, green and sustainable, plus social impact and renewable energy. Equip’s Sustainable Responsible Investments option was the highest performing over one and three years, as well as the cheapest of the five finalists (based on Rainmaker information as at 30 June 2019 and an assumed balance of \$50,000).





52%

increase in
web traffic



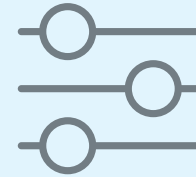
17,923

calls from
members



10,615

members
accessed
super early



\$586.2m

switched into
different options
by members

Our response to COVID-19

When the World Health Organization declared a global COVID-19 pandemic on 11 March 2020, its potential for disruption was quickly recognised by Equip.

We mobilised to offer reassurance, timely support and tailored solutions as we experienced record call and website traffic and our members sought information on their investments, insurance, early release payments and pension changes. We also developed a communications strategy specifically to support our members who accessed super early, which will provide them with tailored information and advice well into 2021. The COVID-19 content is still live and regularly updated as thousands of members continue to [use this channel](#) to stay up to date.

We took the opportunity to express thanks to our members who have worked tirelessly while separated from friends and family, keeping Australia going, via our successful [#IOUaHug](#) campaign.



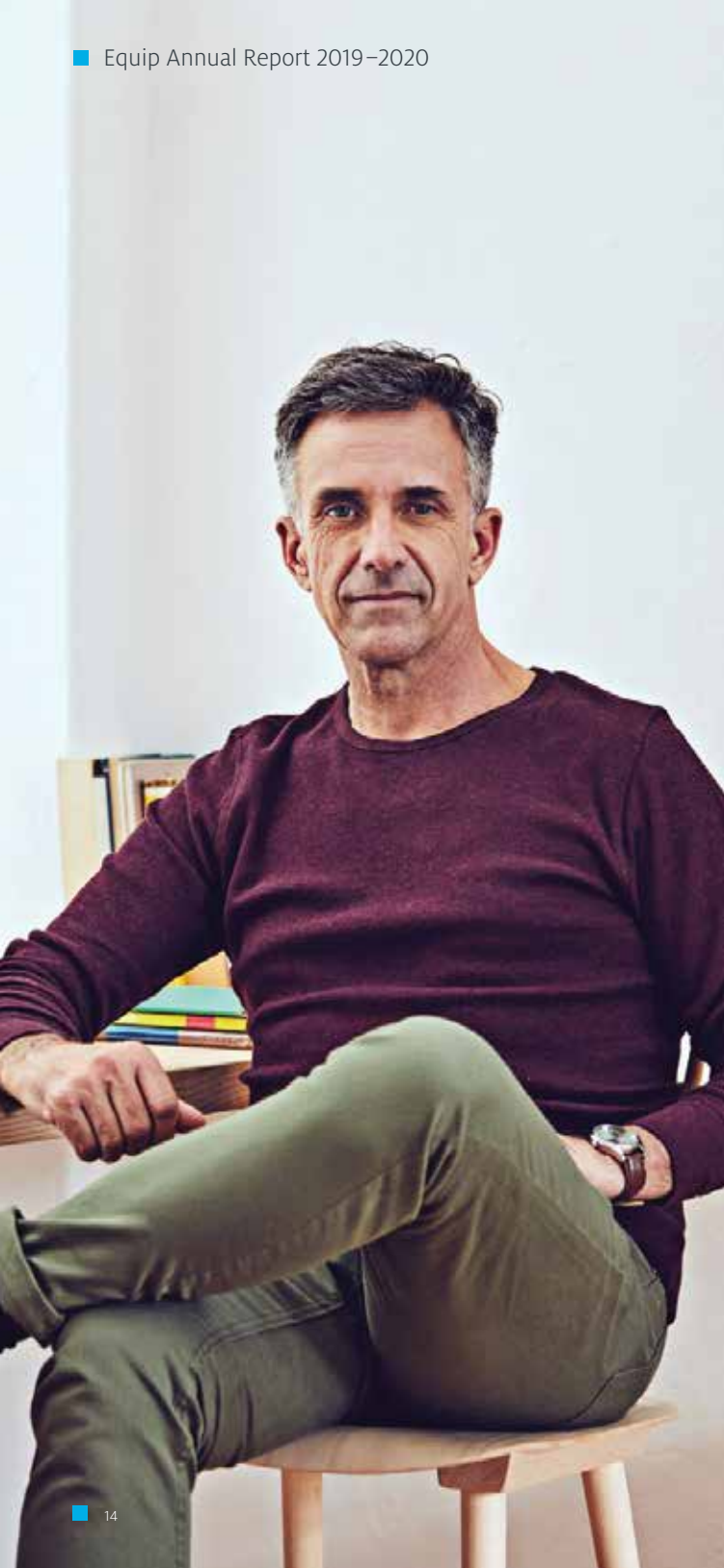
1,237,192
impressions

(Facebook, Twitter,
LinkedIn, YouTube
and Google ads)



767,779
views





Members accessing super early

In early 2020, the Australian Government announced that people adversely financially impacted by COVID-19 could access up to \$10,000 of their superannuation in the 2019–2020 financial year.

The Australian Prudential Regulation Authority (APRA) states that by 28 June 2020, approximately 2.4 million COVID-19 early release payments had been made from national super funds totalling \$18.1 billion. With the continuation of the scheme into the 2020–2021 financial year many members have made repeat applications.

The 10 funds with the highest number of applications received from the ATO have made 1.61 million payments worth a total of \$11.87 billion. The average payment from these funds was \$7,390, with 96% of payments made within five days.

For the period up to 30 June 2020, COVID-19 early release payments were made to 5,402 eligible Equip members, totalling approximately \$49 million. We're pleased to say this process was seamlessly executed with 98.3% of payments processed within five business days, in accordance with APRA's expectations.

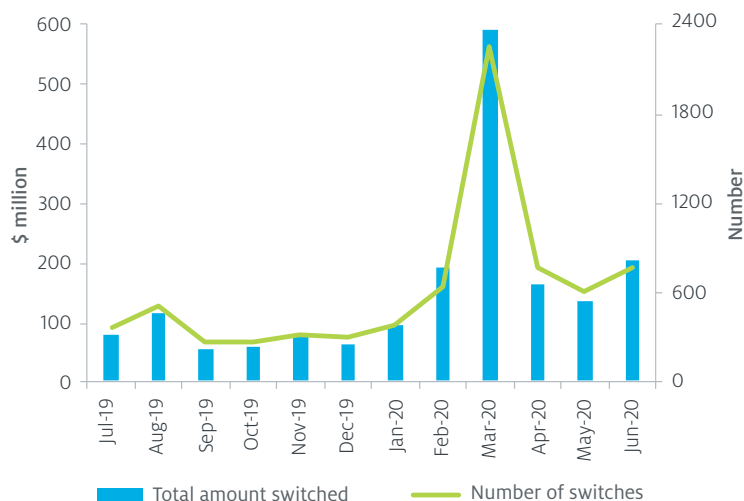
Switching behaviour of members

The graph below shows switching behaviour for Equip (accumulation only) members. The spike in switching activity between February and March occurred as markets tumbled due to COVID fears.

While markets fell more than 30%, they rebounded very soon after this spike in switching behaviour. The Fund reminded members across multiple channels – be it video blogs, web content or calls from customers – that superannuation is a long term investment.

There are some significant economic challenges facing the world post pandemic. But, an uncertain investment climate need not cause members undue concern or prompt hasty decisions. It is important though, to regularly review your investment strategy so you can be sure it still fits with your stage of life, circumstances, retirement needs and risk tolerance.

SWITCHING BEHAVIOUR



Our flexibility

The pandemic highlighted how capable and adaptable our people are. We successfully transitioned 100% of staff to working from home in March 2020. It proved the flexible capacity of the Fund and our ability to retain a single-minded focus on members' retirement outcomes.

“ ... the pandemic highlighted how **capable and adaptable** our people are ... ”

Our approach to investment

We believe in active management of your dollars across a long-term investment horizon, while keeping a watchful eye on the money you already have (capital preservation).

It's our job to:

- deliver the best possible retirement income for the maximum number of members, keeping fees and costs as low as possible
- focus on long-term goals, aiming for consistent outcomes through different market conditions
- make pro-active investment choices based on market conditions
- retain a team of high-calibre investment professionals
- access global opportunities that may be unavailable to individual investors
- strike an appropriate balance between risk and return in the long-term interest of members.

We also believe in responsible investment. While our objective is to maximise the retirement income of our members, we recognise that environmental, social and governance (ESG) issues are factors which may influence whether this objective is met.

We actively promote strong ESG policies in our investee companies and the broader investment community. We are also active in exercising our voting rights in support of good governance and a sustainable economy. Our key achievements this year include enhancements to the management of our Australian equities proxy voting practices, and a focus

on aligning engagement with voting actions. We also made a commitment, as stated in our Responsible Investment Policy, to progressing the Fund towards implementing the Task Force on Climate-related Financial Disclosures (TCFD) recommendations.

The integration of ESG concerns and the application of responsible investment practices into the management of our investment portfolios is consistent with our overall investment beliefs. We believe it will enhance the risk adjusted returns for members over the long term.

We focus on diversification and discipline – finding the best investments we can. We buy more equities as the market nears its bottom and sell as it rises. This discipline is something that can be hard to do when managing your own money – buying when you're fearful. But, because of our active approach to investing, and our discipline, we're one of the best performing funds in the country.

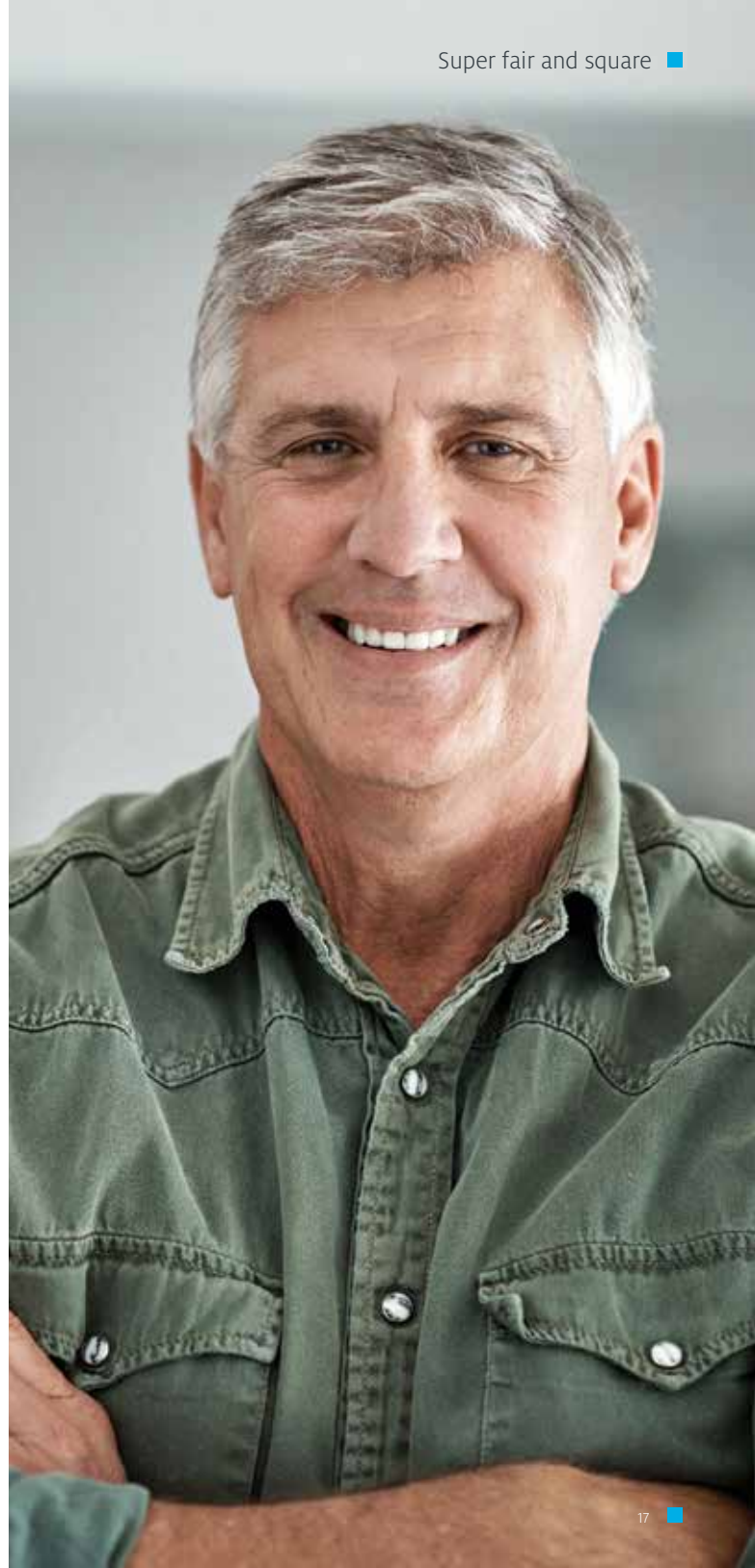
Last year, we cautioned that markets appeared fully valued and at risk of correcting. Of course, we couldn't predict how or when this might happen. Our caution meant we entered into the market correction with a lower weight to equities than many other funds, and plenty of diversifying assets that added value.

Top 10 returns in volatile markets

Managing your own super can be difficult, particularly if you are close to, or already in, retirement. For most people, diversification is a fundamental building block and a way to manage that stress.

We're pleased to report that we defied the worst market downturn since the global financial crisis to deliver members positive returns for the 2019–2020 financial year. While the pandemic pushed many funds into negative territory, our Balanced Growth option, where many members are invested, returned +1.7% for the year. This put us in the top 10* of best performing funds in the Balanced category in one of the most volatile share market years on record. Our default MySuper option returned +1.3% for the year, another great result.

* Based on SuperRatings SR50 Balanced Option (60–76) Survey.



Balanced Growth option

We diversify across thousands of investments in shares, property, infrastructure, bonds and cash. We ‘balance’ the need for long term growth with the need for shorter term safety when markets are rough. This ‘balance’ and diversification is just what’s needed when markets are volatile and crashing.

Investment is a long term game and the key is consistently strong results over many years. Equip has delivered an average of 8.3% per annum for members invested in the Balanced Growth option over the past 10 years.

The tables on pages 20–28 show the annual returns for all our investment options over the longer term and the last financial year, for both super and pension accounts. Returns shown are after the deduction of all fees and taxes as at 30 June 2020.

BALANCED GROWTH OPTION (70% IN GROWTH STYLE ASSETS)

Percentage returns for the Equip Balanced Growth option after investment fees and tax to 30 June 2020, accumulation and transition to retirement investment option.

1.7%
1 year

6.1%
3 years
p.a.

6.5%
5 years
p.a.

8.3%
10 years
p.a.

How returns are allocated

Equip uses a
'unitised' system
for calculating
returns

Each member receives
'units' matching the dollar
value of their account



The unit price is
updated daily



The unit price moves up
or down with investment
performance



The unit price for each
investment option is
reached by dividing the
market value of the Fund's
assets by the
number of
units on issue



The unit price allows for
investment manager and
custodian fees but not for
administration fees and
member specific fees



As contributions are
added to a member's
account, units are
purchased at the
going price



If a member leaves the
Fund or withdraws money,
units are redeemed (sold)
at the going price



The current value of
an account equals the
number of units held in
the member's investment
options, multiplied by the
going value
per unit



At the end of each
financial year, the Fund
takes final unit prices and
translates them into an
annual return for each
investment
option



A member's statement
shows the unit prices for
their investment options,
and percentage returns
over the
financial year

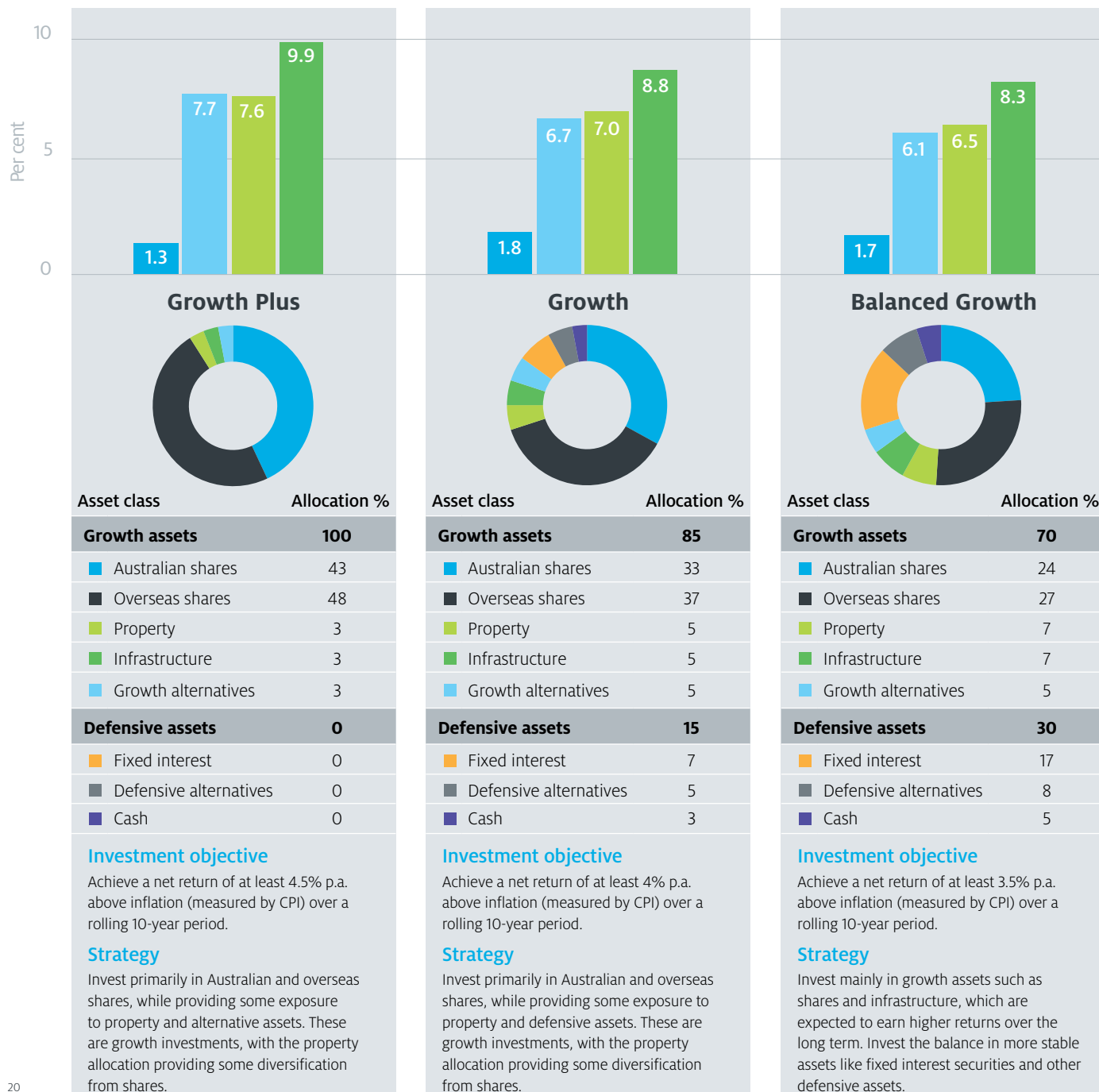


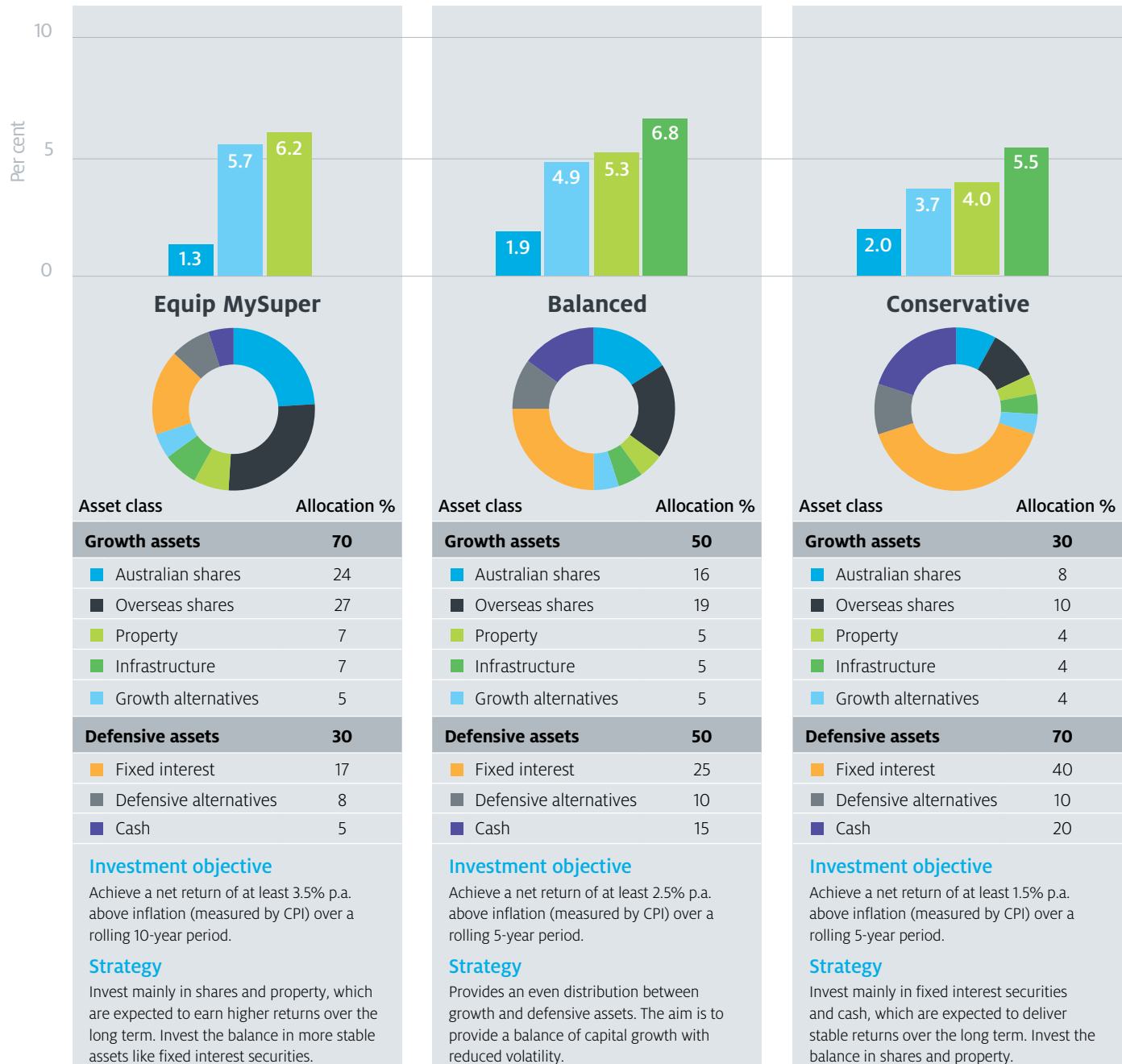
A member's return is
affected when they make
payments to the Fund or
withdrawals, or switch
between investment
options



Superannuation returns to 30 June 2020

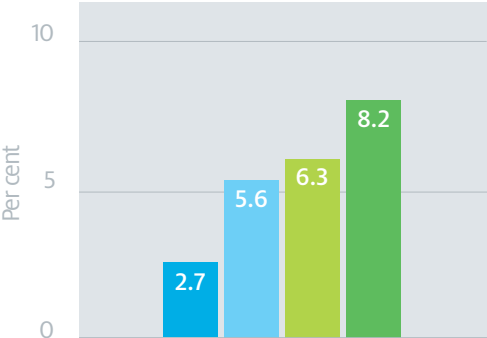
1 year 3 years 5 years 10 years



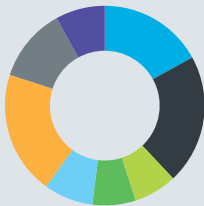


Superannuation returns to 30 June 2020

1 year 3 years 5 years 10 years



Defined Benefit



Asset class	Allocation %
Growth assets	60
■ Australian shares	17
■ Overseas shares	21
■ Property	7
■ Infrastructure	7
■ Growth alternatives	8
Defensive assets	40
■ Fixed interest	20
■ Defensive alternatives	12
■ Cash	8

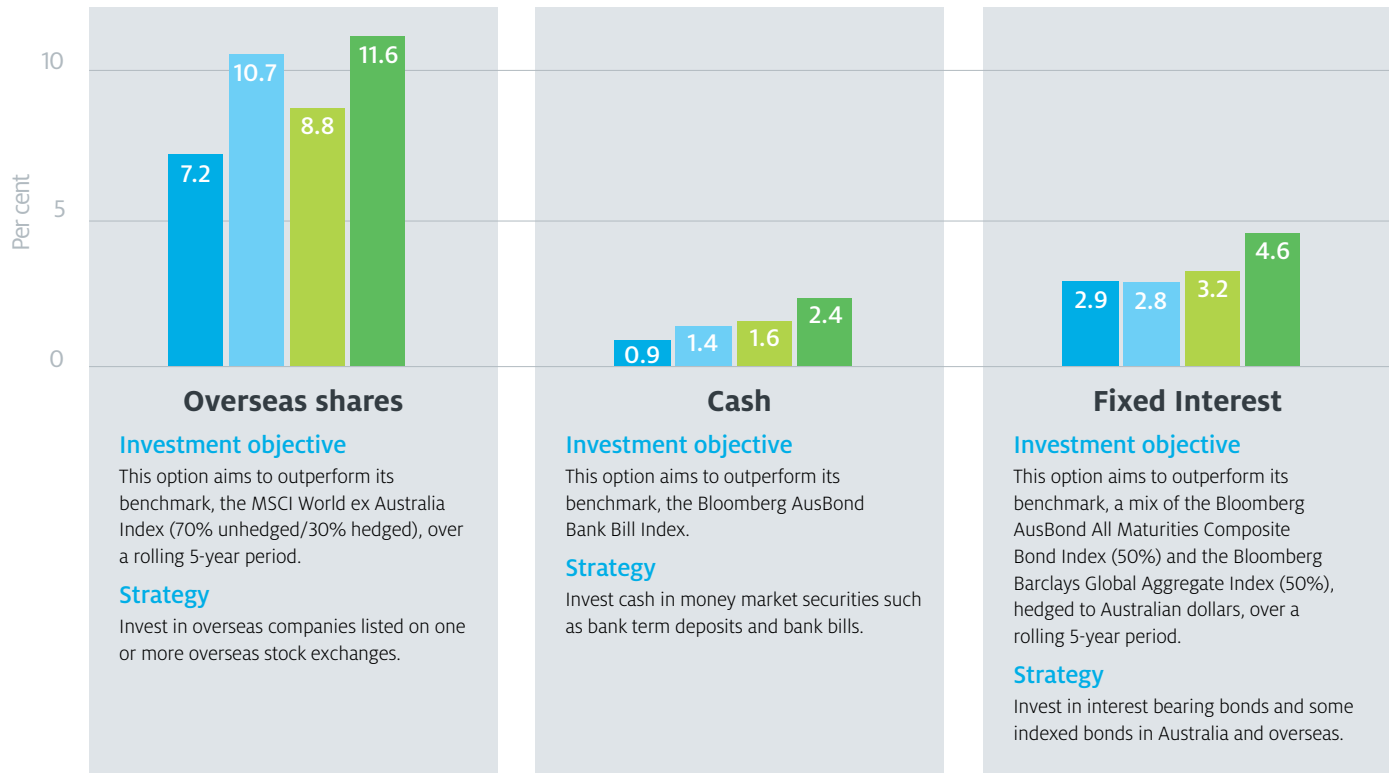
Investment objective

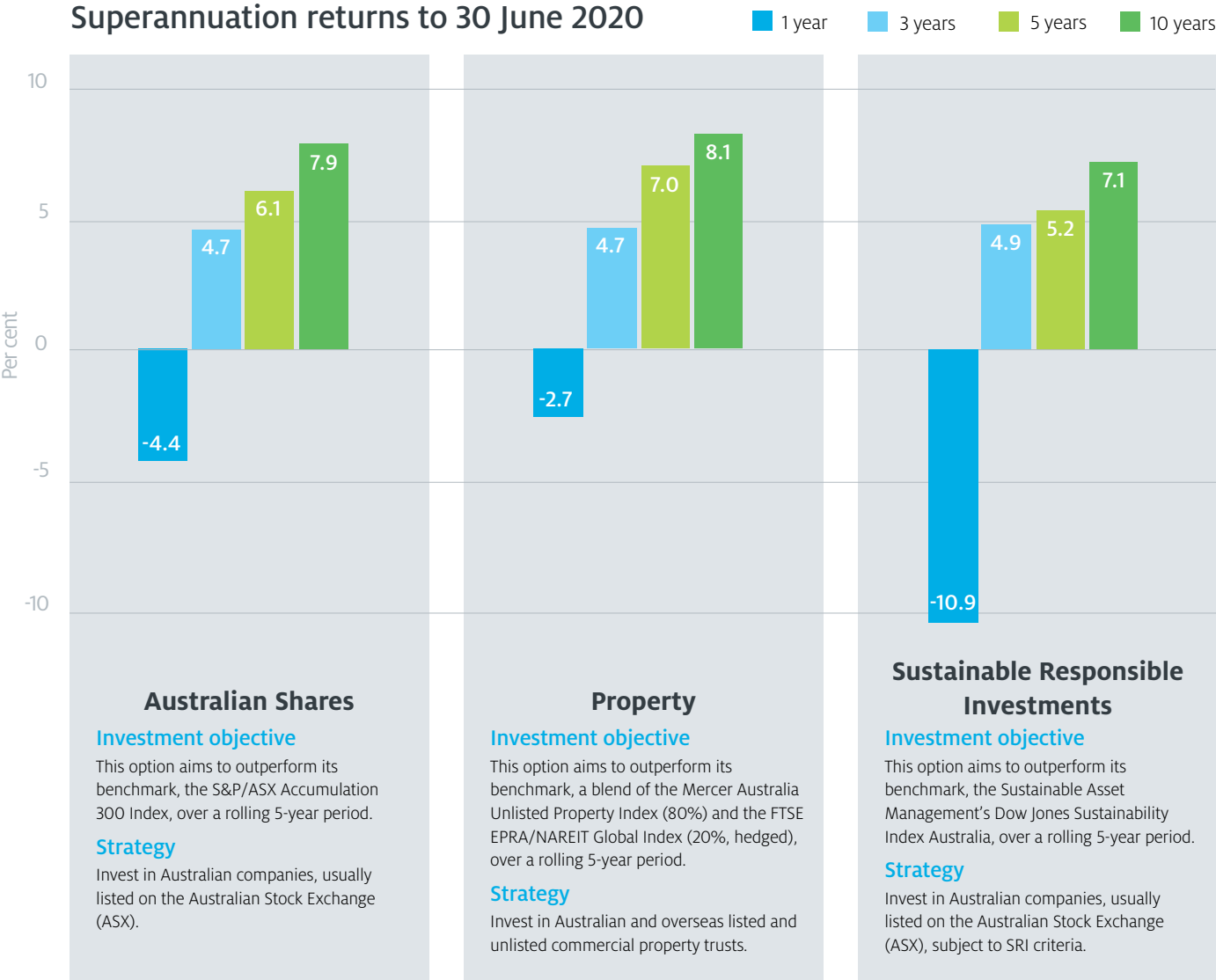
Achieve a long-term net return of at least 3.5% p.a. above inflation (measured by CPI).

Strategy

Invest mainly in growth assets such as shares and infrastructure, which are expected to earn higher returns over the long term. Invest the balance in more stable assets like fixed interest securities and other defensive assets.

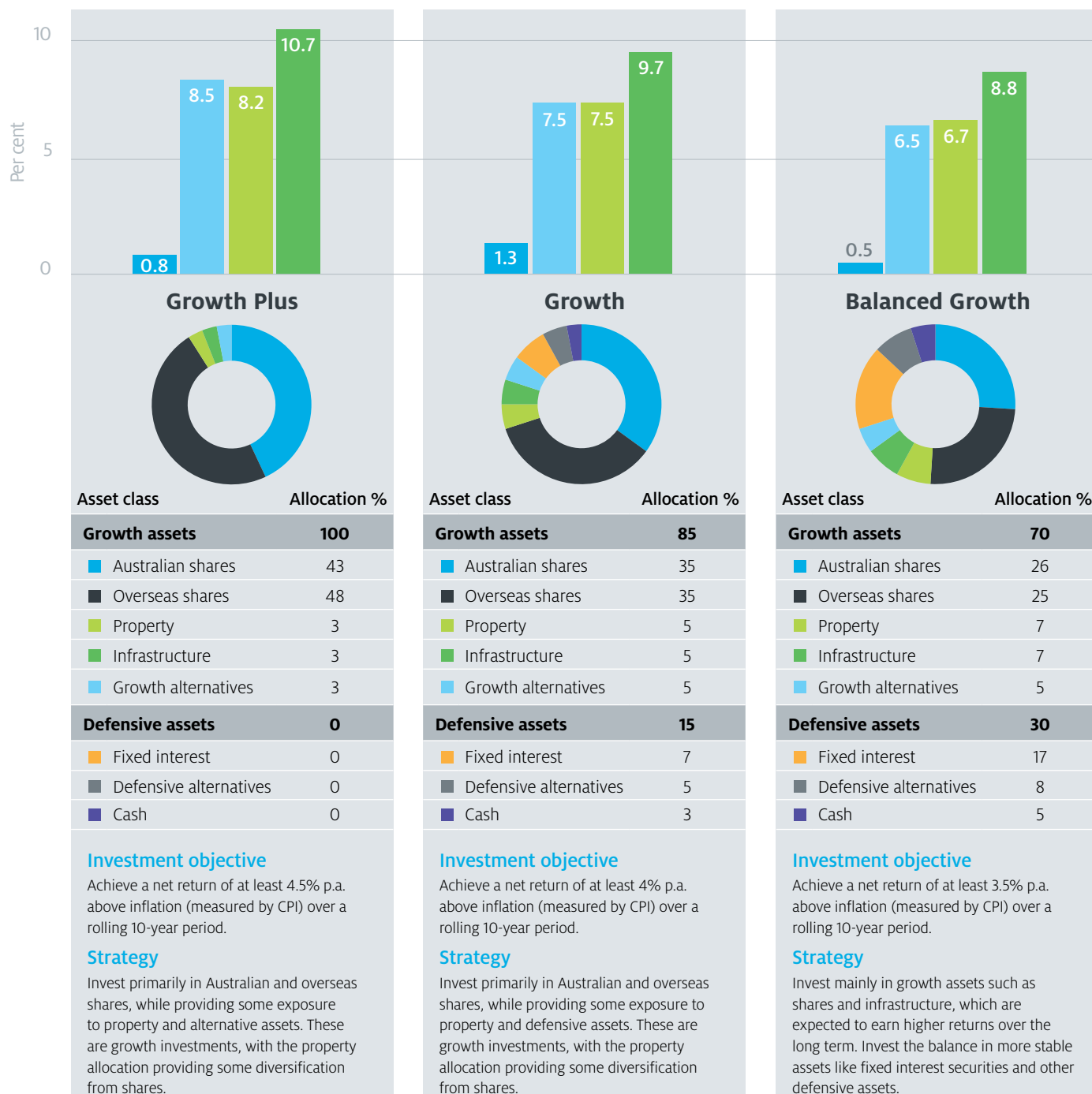






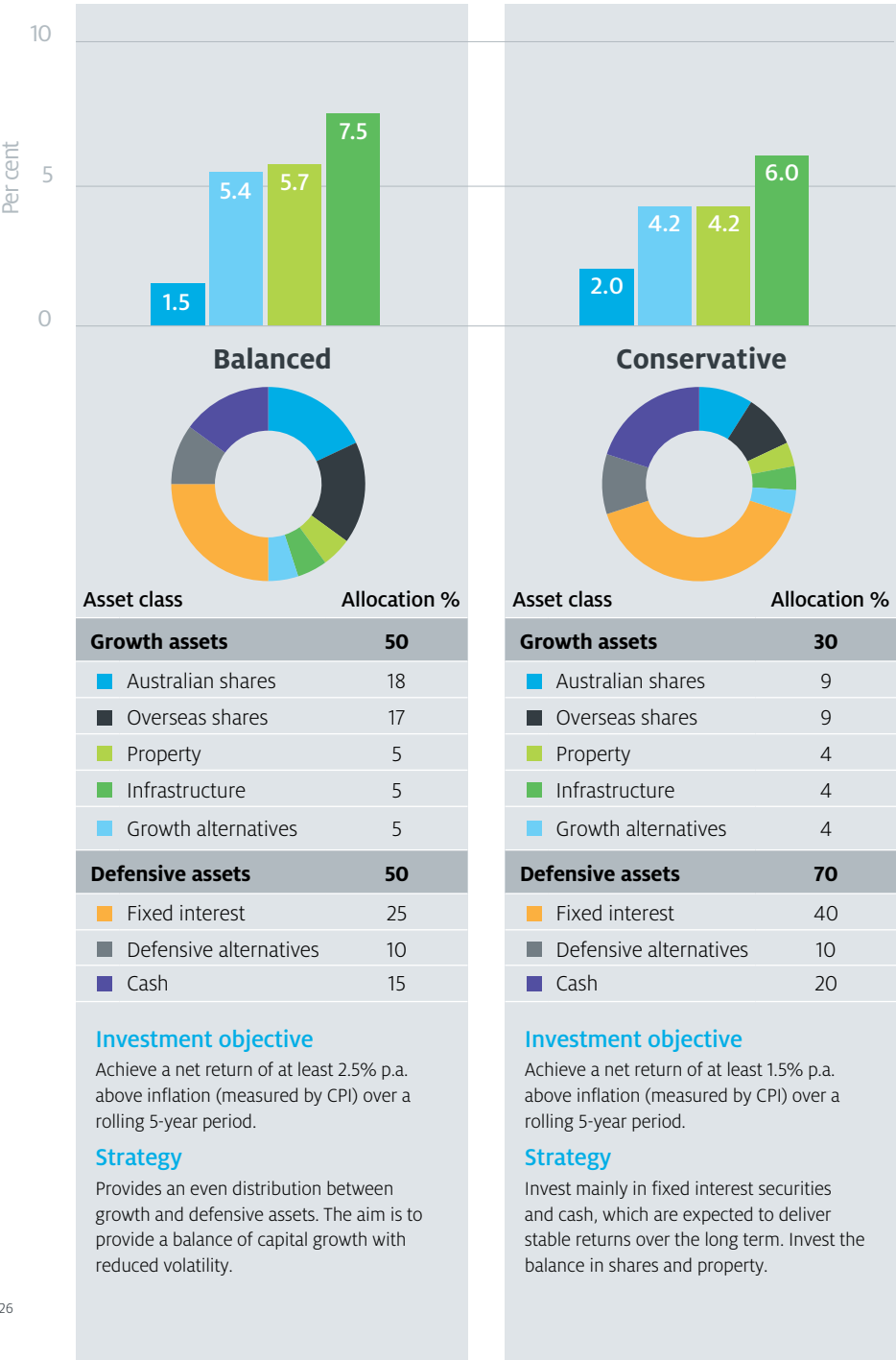
Account Based Pension (ABP) returns to 30 June 2020

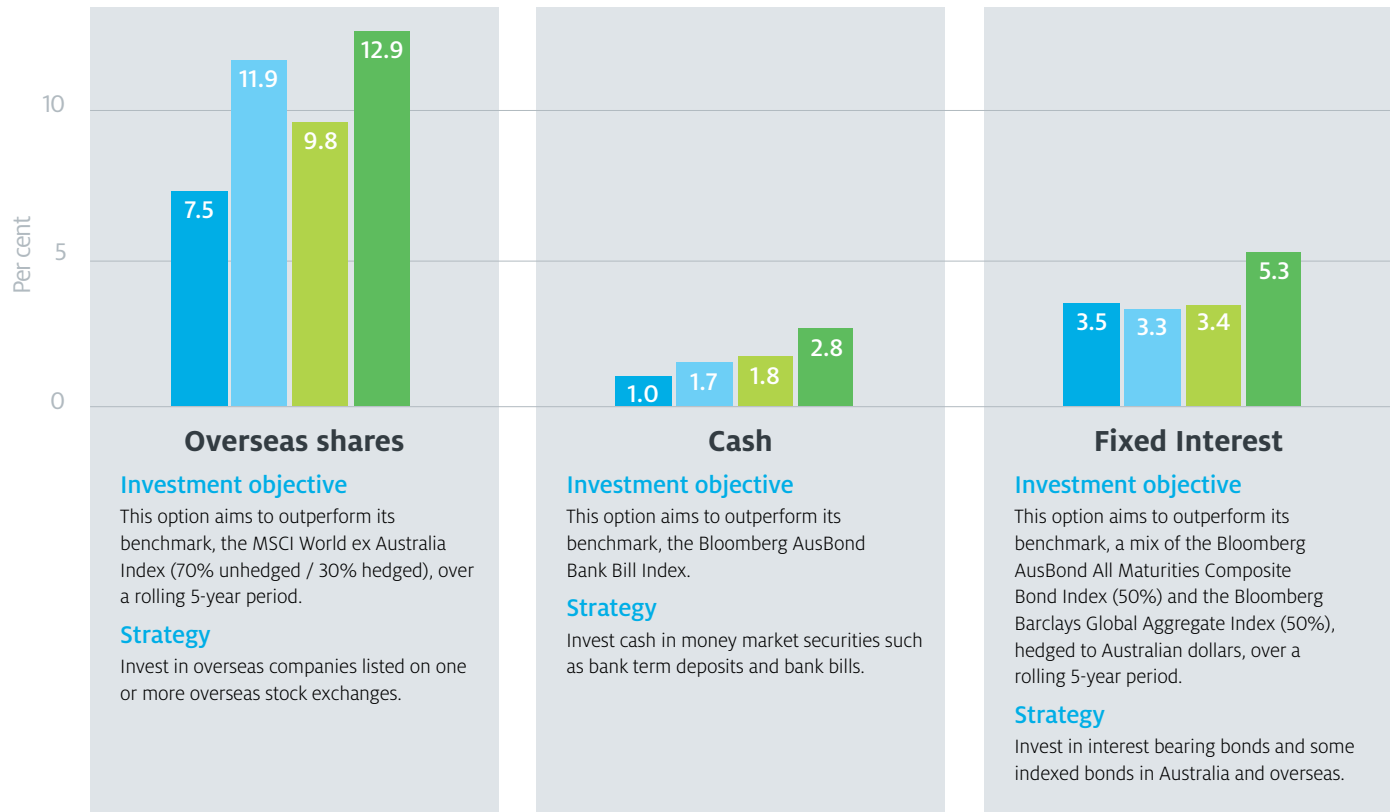
■ 1 year ■ 3 years ■ 5 years ■ 10 years



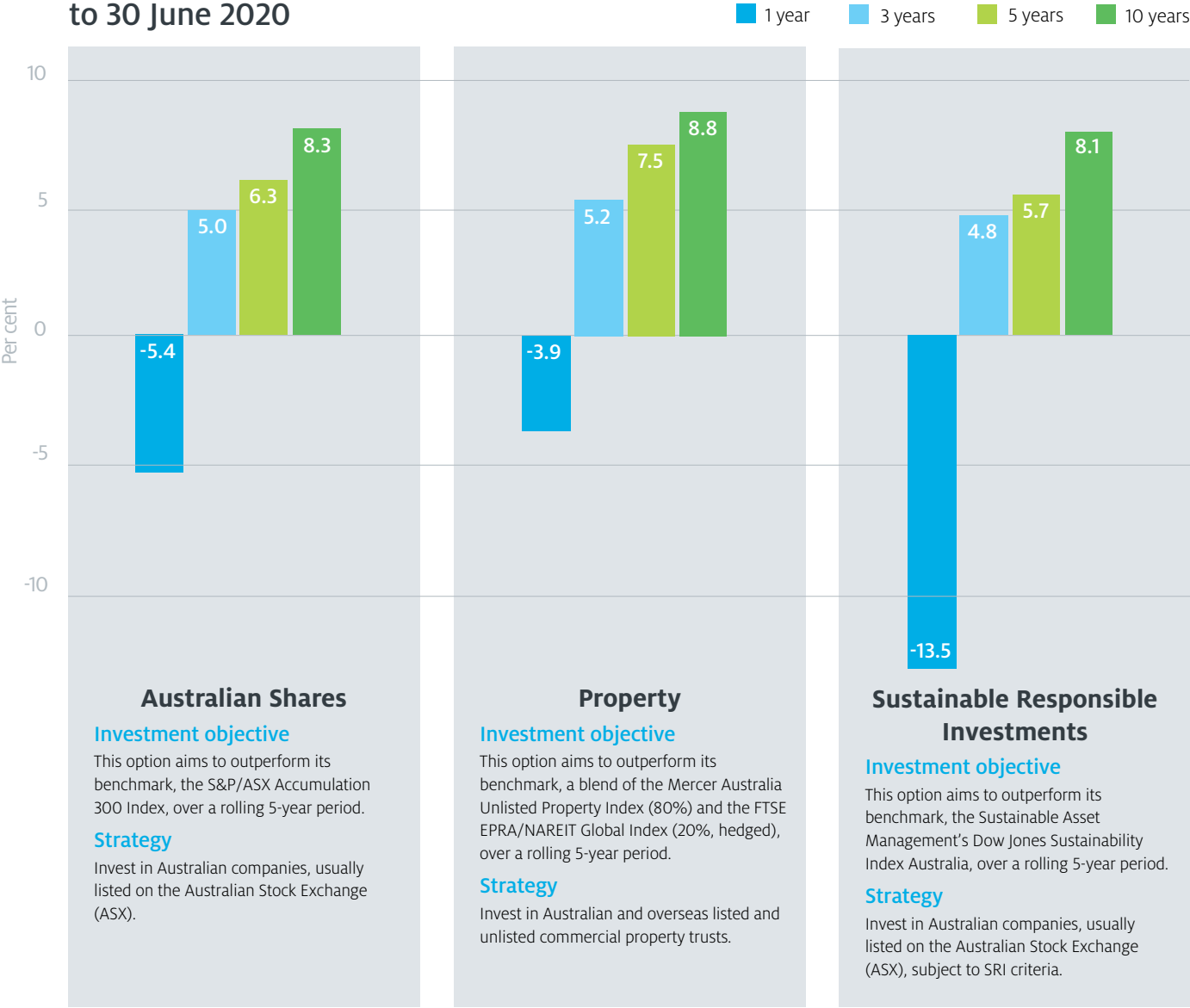
Account Based Pension (ABP) returns to 30 June 2020

1 year 3 years 5 years 10 years





Account Based Pension (ABP) returns
to 30 June 2020



Our investment managers

Equip outsources 100% of investment management to external providers, which means we can choose the best managers and strategies.

INVESTMENT MANAGERS AS AT 30 JUNE 2020

MANAGER	ASSET CLASS
AMP Capital Investors Limited	Property, infrastructure
Antares Capital	Cash
Ardea Investment Management Pty Ltd	Defensive alternatives, Australian fixed interest
Baillie Gifford Overseas Limited	Overseas equities
Balanced Equity Management Pty Ltd	Australian equities
Bentham Asset Management	Defensive alternatives
Brandywine Global Investment Management LLC	Defensive alternatives
Bridgewater Associates Inc	Growth alternatives
Charter Hall Funds Management	Property
Dexus Funds Management Limited	Property
First Sentier Investors	Infrastructure
Fulcrum Asset Management LLP	Growth alternatives
Goodman Funds Mgt Ltd	Property
GPT Funds Management Ltd	Property
Graham Capital Management	Growth Alternatives
Hayfin Capital Management LLP	Growth alternatives, defensive alternatives
Infrastructure Partners Investment Fund	Infrastructure
Lazard Asset Management	Infrastructure
Lend Lease Real Estate Investments Ltd	Property
Longview Partners (Guernsey) Ltd	Overseas equities
Macquarie Investment Management Global Ltd	Australian fixed Income

MANAGER	ASSET CLASS
Macquarie Specialised Asset Management Ltd	Infrastructure
Man Investments	Growth alternatives
Martin Currie Investment Management Ltd	Overseas equities
ME Portfolio Management	Defensive alternatives
Morgan Stanley Investment Management	Defensive alternatives
National Australia Bank Ltd	Currency overlay
Northcape Capital	Overseas equities
Orbis Investment Management Limited	Overseas equities
Pantheon Ventures Ltd	Growth alternatives
Paradice Investment Management Pty Ltd	Australian equities
Partners Group AG	Growth alternatives
PIMCO Australia Management Limited	International fixed interest
Queensland Investment Corporation	Asset Allocation Overlay
Renaissance Smaller Companies Pty Ltd	Australian equities
Resolution Capital Pty Ltd	Property
Ruffer Investment Company	Growth alternatives
Schroders Investment Management Australia Ltd	Australian equities, overseas equities, growth alternatives
Shenkman Capital Management, Inc	Defensive alternatives
Siguler Guff & Company, LLC	Growth alternatives
T. Rowe Price International Ltd	Overseas equities
Utilities Trust of Australia	Infrastructure

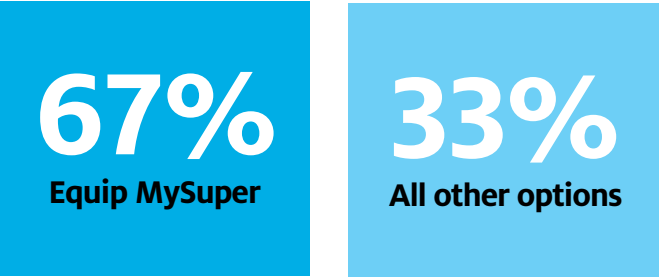
Mid to long-term performance

We have substantially outperformed the investment objectives over the mid and long term.

OVER 10 YEARS	% PER ANNUM
OPTION	
Equip Balanced Growth return (net of tax and investment fees)	8.3 Investment target (CPI+3.5% p.a.) Outperformance relative to target +2.7% p.a.
SuperRatings median (all funds)	7.4
SuperRatings top quartile threshold	8.1

OVER 5 YEARS	% PER ANNUM
OPTION	
Equip MySuper return (net of tax and investment fees)	6.19 Investment target (CPI+3.5% p.a.) Outperformance relative to target +0.9% p.a.
SuperRatings median (all funds)	5.61
SuperRatings top quartile threshold	6.42

Where our members invest



Financial summary

Further information

The Fund's audited accounts and the auditor's report are available to members on request. The complete financial report is available at equipsuper.com.au/tools-and-resources/newsletters-and-reports or via the Helpline 1800 682 626.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2020	2020 \$ MILLION	2019 \$ MILLION
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ASSETS

Investments	15,914	15,837
Other assets	102	176
Deferred tax assets	1	1
Total assets	16,017	16,014

LIABILITIES / NET ASSETS

Payables	(50)	(74)
Income tax payable	(13)	34
Deferred tax liabilities	(203)	(248)
Total liabilities	(266)	(288)
Net assets available for member benefits	15,751	15,726
Total member liabilities	15,432	15,070
Total net assets	319	656

EQUITY

Operational risk reserve	41	41
Other reserves	18	122
Defined benefit plans (over)/under funded	260	493
Total equity	319	656

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020	2020 \$ MILLION	2019 \$ MILLION
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SUPERANNUATION ACTIVITIES

Investment income	141	985
Other income	0	1
Total superannuation activities income	141	986

EXPENSES

Investment expenses	(49)	(47)
Administration expenses	(41)	(43)
Total expenses	(90)	(90)
Net result from superannuation activities	51	896
Net change in defined benefit member liabilities	(274)	(101)
Net benefits allocated to defined contribution member accounts	(138)	(718)
Net profit/(loss) before income tax	(361)	77
Income tax (expense)/benefit	23	5
Net profit/(loss) after income tax	(338)	82

STATEMENT OF CHANGES IN MEMBER BENEFITS FOR THE YEAR ENDED 30 JUNE 2020	2020 \$ MILLION	2019 \$ MILLION
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Opening balance of member benefits	15,070	14,266
Contributions received	647	629
Transfers to/from other superannuation plans	(123)	(172)
Income tax on contributions	(77)	(73)
Net after tax contributions	448	384
Benefits paid to members/beneficiaries	(491)	(398)
Insurance premiums charged to members	(30)	(32)
Death and disability benefits credited to member accounts	25	27
Reserve transfer to/(from) members	–	5
Net benefits and investment income allocated to accounts	411	818
Closing balance of member benefits	15,432	15,070

EQUIP ASSET ALLOCATION INVESTMENTS AT FAIR VALUE AS AT 30 JUNE 2020	2020 \$ MILLION	2019 \$ MILLION
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Cash and deposits	1,474,326	868,584
Derivatives	53,523	38,692
Listed equities	6,034,989	5,766,505
Listed property trusts, listed unit trusts	346,939	315,512
Other interest bearing securities	2,226,622	3,990,124
Unlisted equities	641,227	529,543
Unlisted unit trusts	4,787,085	4,140,370
Unlisted partnerships	347,511	186,073
Annuity	1,636	1,581
Total investments	15,913,858	15,836,984

Derivatives

Derivatives are securities that derive their value from another security like futures or options. The Trustee does not directly use derivative instruments and does not intend to.

External investment managers may use derivatives in managing the Fund's investments. Where this is the case, the Trustee confirms with them every year that they have appropriate risk management processes in place for their use and the purposes for which they are used.

The Fund's derivative charge ratio has not exceeded 5% at any time during the 2019–2020 year.

Regulation

We support strong regulation of superannuation and the broad goals of government and regulators. Funds must be focused and capable of delivering the products, support and advice members need, to help them make the most of their super and retirement. Our pursuit of growth to enable us to deliver these results for members into the future is aligned with these aspirations and expectations.

However, we also hear concerns from members about the frequency of change in superannuation rules. We add our voice to industry calls for greater certainty and consistency to promote community confidence in the superannuation system.

Trustee expenses and liabilities

As a trustee, Equip is entitled to be reimbursed from the Fund for the costs and expenses incurred in operating the Fund. This includes reimbursement for fees paid to directors.

As a profit-to-member fund, any profits made from management fees flow back to members. We keep running costs as low as possible to maintain downward pressure on them.

More information about our fees and other costs is here: equipsuper.com.au/pds

Superannuation surcharge

The superannuation contribution surcharge for high income earners was abolished from 1 July 2005. Occasionally, we may receive a surcharge assessment from the Australian Taxation Office (ATO) for surcharge liabilities accrued before then. To pay the ATO, we deduct the value of the surcharge assessment from the member's account.

Indemnity insurance

Togethr Holdings Pty Ltd has professional indemnity insurance cover to 1 July 2021. Entities in the Togethr group, including Togethr Trustees Pty Ltd, are covered under Togethr Holdings' indemnity insurance.

Reserves

The Trustee has created five categories of reserves.

1. Operational risk reserve

Established to meet the requirements of Superannuation Prudential Standard 114 'Operational Risk Financial Requirement', this reserve is intended to provide financial resources to address losses arising from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements and is managed within a range of 23 to 27 basis points. The reserve is monitored on an ongoing basis and replenished with additional funds if the balance falls below the lower tolerance limit.

2. Administration and general purpose reserve

Established to facilitate the finance of current and future operational requirements of the Fund, this reserve is available to meet both day-to-day operational costs and one-off approved expenditures considered to be in the long term interests of members. The appropriate target level is established annually through the business planning process and managed within a range of 10 to 30 basis points of total member entitlements.

3. Other reserve

Established for capital expenditure purposes, such as plant and equipment purchased to facilitate the Fund's operation.

4. Investment tax timing reserve

Reflects investment tax yet to be attributed to members, due to timing differences between the reporting date of financial statements and payment dates of tax commitments and refund entitlements. The 30 June balance reverts to zero in the following financial year with members obtaining the value of the reserve via investment option unit prices.

5. Self-insurance reserve

Established to fund the future service component of the death and disability benefits of certain defined benefit members. This reserve is funded by relevant defined benefit employers. The amount held is determined by the Fund's actuary and reviewed on an on-going basis.

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2020	OPERATIONAL RISK RESERVE \$ MILLION	ADMIN & GENERAL PURPOSE RESERVE \$ MILLION	OTHER RESERVE \$ MILLION	SELF- INSURANCE RESERVE \$ MILLION	INVESTMENT TAX TIMING RESERVE \$ MILLION	DEFINED BENEFIT PLANS OVER/UNDER FUNDED \$ MILLION	TOTAL \$ MILLION
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Opening balance	41	29	2	6	85	493	656
Net transfers to/from reserve	–	1	–	–	–	–	1
Operating result	0	3	(0)	0	(108)	(233)	(338)
Closing balance	41	33	2	6	(23)	260	319

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2019	OPERATIONAL RISK RESERVE \$ MILLION	ADMIN & GENERAL PURPOSE RESERVE \$ MILLION	OTHER RESERVE \$ MILLION	SELF- INSURANCE RESERVE \$ MILLION	INVESTMENT TAX TIMING RESERVE \$ MILLION	DEFINED BENEFIT PLANS OVER/UNDER FUNDED \$ MILLION	TOTAL \$ MILLION
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Opening balance	39	37	2	6	(8)	498	574
Net transfers to/from reserve	–	(5)	–	–	–	5	–
Operating result	2	(3)	0	(0)	93	(10)	82
Closing balance	41	29	2	6	85	493	656

STATEMENT OF CHANGES IN RESERVES FOR THE YEAR ENDED 30 JUNE 2018	OPERATIONAL RISK RESERVE \$ MILLION	ADMIN & GENERAL PURPOSE RESERVE \$ MILLION	OTHER RESERVE \$ MILLION	SELF- INSURANCE RESERVE \$ MILLION	INVESTMENT TAX TIMING RESERVE \$ MILLION	DEFINED BENEFIT PLANS OVER/UNDER FUNDED \$ MILLION	TOTAL \$ MILLION
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Opening balance	21	25	1	6	(7)	417	463
Net transfers to/from reserve	–	–	–	–	–	–	–
Operating result	18	12	1	0	(1)	81	111
Closing balance	39	37	2	6	(8)	498	574

Investment of reserves

Equip policy regarding the investment of reserves is:

- ORR/ AGPR – as directed by the Investment Committee under advice from management
- OR – invested in plant and equipment to support the operations of the Fund and Trustee Company
- SIR – invested in units of the defined benefit investment option
- ITTR – invested to reflect tax payables/receivables at a given point in time and does not require a specific investment strategy.

Risk and compliance

Equip has a robust management framework to manage the risks associated with our business operations.

The framework includes the systems, structures, policies, processes and people that manage the internal and external sources of material risk and compliance with all applicable legislative and regulatory requirements.

The framework covers risks relating to:

- governance
- liquidity
- operational
- investment governance
- insurance
- strategy and tactics arising from the strategic and business plans.

Complaints

Equip has mechanisms in place to address members' concerns. They help us determine whether we're meeting needs and providing the high level of service people expect. The complaints process is a way to get member feedback and assists us to develop and revise our processes and services. We want it to be fair, transparent and easily accessible.

Members who are not satisfied with the outcome of their complaint, can contact the Australian Financial Complaints Authority (AFCA) – an independent dispute resolution body that deals with most superannuation complaints.

Contact AFCA by phoning 1800 931 678 or by mail at:
Australian Financial Complaints Authority Limited
GPO Box 3
Melbourne VIC 3001

Our people

We pride ourselves on embracing diversity in thought and perspective. Our people come from many different cultural backgrounds and span all age groups.

Our overall staff ratio is 104 men to 80 women. Our Board has a ratio of seven men to five women and our executive team five men to four women. We're pleased Equip has a workforce so reflective of the members we serve and the Australian population.

As an equal opportunity employer, we recognise the benefits of an engaged and harmonious workplace. Our people are employed under individual workplace agreements and we aim to provide a fair and flexible environment for everyone. We want to be an employer of choice. Equip now reports to the Workplace Gender Equality Agency. Our gender pay gap is currently at 11%, well below the financial and insurance services benchmark of 22.2%.

People are our greatest asset and we ensure our staff maintain high levels of training and development so they can support members and employers in a compliant, professional and ethical manner.

Our Board

The Togethr Board is proudly a skills-based board consisting of four employer, four member and four independent directors. As mandated, the Chair is a Board appointed independent director.

The mix of directors gives us the flexibility to attract and select high-calibre people with the qualifications, experience and technical skills to inform our deliberations and decisions. Directors must understand and be committed to our values and hold, as a minimum, the qualifications set out in the legislation. This ensures that our business strategies align with the expectations and aspirations of our members and employers.

There were 12 serving Board members until the resignation of Lisbeth Rasmussen on 14 April 2020. The position has since been filled in October 2020 by David Doolan. The maximum tenure for a Board member is 12 years (four terms).

Our Board members 2019–2020



Chair

Andrew Fairley
AM LLB (Melb), Hon
Doc (Deakin), GAICD



Deputy Chair

Danny Casey
BComm, M. Econ., CPA



Employer Director

Mark Cerche
B. Juris LLB (Hons)



Independent Director

Penny Davy-Whyte
BA (Marketing &
Communication), GAIST



Employer Director

Michael Clinch
Grad Dip Employee and Industrial
Relations, GAICD



Employer Director

Carolyn Harkin
BComm, FCPA, GAIST



Member Director

Peter Haysey
BA (Economics), Dip. Ed.,
M.Ed.Admin, ASFA AIF



Member Director

Debra James
DIPT, GradDip RE



Independent Director

Justine Hickey
BComm, FFin, GAICD



Member Director

Jan Dekker
BSc, Masters of Law
(Environmental), Grad Cert Applied
Finance and Investment, GAICD



Employer Director

Simone Thompson
BA/LLB, FAFSA, FGIA

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Privacy

You can download our Privacy Collection Statement at equipsuper.com.au/privacy

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