

Super fair and square



2020–2021 Annual Report



equip

Working for
members
for **90 years**



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 on 1800 682 626 or contact us via the website at 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) and Target Market Determination (TMD).

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 Equip

Who are we

Equip is a not-for-profit superannuation fund 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 do what we say we will do



We collaborate and innovate



We celebrate success



Message from our Chair

Change is the only constant, and the past 12 months has proved that many times. From the depths of the pandemic to relative normality and then a return in many places to lockdowns, border closures and other restrictions. I am ever conscious of Equip's deep heritage as one of Australia's oldest super funds, having served its community from 1931.

Since joining the Board in 2019, my respect for the great standing of the Fund has grown and deepened. I am honoured to be here now as Chair, helping support our people and members as we steer through the many economic, regulatory and legislative changes of today. I will ensure the Board never loses focus on our core purpose – maximising retirement benefits and outcomes for members.

My first responsibility is a commitment to, and connection with, members and employers, especially in times of uncertainty. Today, there are many benefits to be gained from adapting and reinventing aspects of the Fund – opportunities to realise our vision for

growth, efficiency and value. Any changes though, must be consistent with the vision, practices and principles which have driven Equip's growth and service delivery to its current high levels. Our aim is to ensure that anything we alter improves what we've already built.

Keeping the Fund's costs down has significant and positive long-term implications for your retirement savings. We are already seeing the benefits of joining forces with Catholic Super. Economies of scale from leveraging a larger investment pool, instituting a single executive team and a range of administrative efficiencies has meant immediate savings.

Without drawing upon members' reserves, we have already absorbed the costs of merging the Funds' investments and administration. Our investment fees remain some of the lowest in the sector.

A big development this year was welcoming Toyota Super into Equip. Toyota Super shares many characteristics with the Fund, including a history of actively supporting members, delivering consistent long term results and similar investment beliefs and member cohort. By year's end, we will have even more members, when BOC Super also joins us.

Next year, you can expect Equip to do more of what we've always done well – excellent governance, striving for a strong investment performance and the best possible service and financial advice for our members, now working in energy, resources, manufacturing, legal, services and automotive sectors. We'll continue to partner with our valued employers, always looking for ways to improve our relationship with them in order to better the financial future of their employees. We are also pleased to continue our focus on environmental sustainability, as we commit to a clear roadmap to net zero carbon emissions.

Finally, I would like to acknowledge the work, dedication and vision of my predecessor Chair, Andrew Fairley. For 12 years, Andrew was a great crusader for members' interests, a proponent of skilled, professional, representative boards and a leader who recognised the need for change, growth and partnerships. Our Fund and the entire superannuation industry owe him a great debt.

I also want to express my appreciation for Michael Clinch's contribution as he ends his successful five-year term as an Equip Board member and to express my deep appreciation for the work of three long-serving Catholic Super Board members, Deb James, Peter Haysey and Carolyn Harkin, whose terms on our

Board have just ended. I welcome incoming Board members Sharife Rahmani (Employer Director) and Mathew Cassin (Member Director).

Equip will always be defined by our commitment to members' long term financial freedom. We bring this sense of purpose to all Board decisions, but it is the dedication of the staff who put members first in everything that they do that brings this commitment to life. We are honoured to have delivered another year of strong performance and dedicated service to you all and we look forward to doing so again in the year ahead.



Danny Casey
Chair





Message from our CEO

This year did not deliver the longed-for ‘COVID-normal’ I spoke of in last year’s annual report. The scale of the pandemic’s medical and economic shock continues its global reverberation. Despite Australia’s surprisingly short bout with recession and an unexpected year of stellar returns across world financial markets, uncertainty lingers around the virus’ longer-term impact and associated lockdowns.

As vaccine roll-outs ramp up, we’ll hopefully see a gradual reopening of the international economy and all the positive implications for employment and corporate profits. Despite the flux of the past year, I’m pleased to say Equip managed another very strong performance.

I’m proud to announce positive returns for our members across all diversified options. Our Balanced Growth option returned 16.60%, a great result, which brings its average to 8.93% p.a. over the last 10 years. Members in the default MySuper option received a return of 16.80%, the highest since it was introduced

in 2013. For the fifteenth consecutive year, Equip earned SuperRatings platinum performance award as a ‘Best value for money’ fund.

We are pleased to have assisted many people during the COVID-19 early release program. We understand this was a challenging period. A big thanks to our dedicated staff who again continued to work tirelessly, often from home, to deliver the quality service our members deserve.

Our proactive approach to growth continues as planned, with the goal to have 300,000 members and \$50 billion of funds under management by 2025.

On 1 May 2021, a successor fund transfer (SFT) saw Toyota Super's 5,000 members and \$897 million in funds under management join Equip. We are looking to finalise another SFT – with BOC Super – at the end of 2021. Growth like this will drive scale for our business, is important for our sustainability and overall desire to improve our members' experience.

There have also been recent changes in the regulatory environment, that you may be aware of:

- From 1 July 2021, the Superannuation Guarantee (SG) increased from 9.5% to 10%. It will rise to 12% by 2025. This will lift living standards for retired Australians and positively impact the domestic economy.
- From 1 July 2021, APRA started benchmarking superannuation products, as part of its roll-out of annual performance tests. In the first such performance test, the Equip MySuper product passed APRA's test and we're confident our products will continue to stand up well to this scrutiny.
- From November 2021, new workforce entrants will be 'stapled' to their first superannuation fund and current workers 'stapled' to their existing fund. When someone moves to a new workplace, they'll no longer be arbitrarily signed up to the new employer's favoured fund, although they are still free to make a choice of fund at any time. We're pleased our members will find it simpler to stay with Equip as they progress their careers.

We rolled out Smart Cover in October 2020 – a comprehensively redesigned insurance offering for the 40,000 members holding Equip MyFuture super cover. It is the default for 270 of our employers, as well as our public offer product. The main goal of the revamp was to provide a flexible, more affordable product that better meets our members' needs at different life stages. The increased adaptability has been very well received.

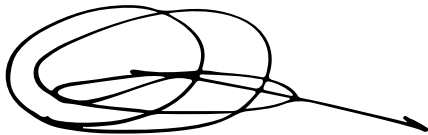
Despite the achievements of the past year we're committed to doing more. We're working hard to improve communications, recently improving on an increasingly popular quarterly newsletter. We continue to offer retirement and financial planning seminars, moving online to respond to your increasing needs for digital support, while our Service Centre has been busy answering queries and providing advice. Our strategic plan is focused on ensuring we do even better.

I'd like to welcome our new CIO, Andrew Howard. Andrew's strong leadership style and investment experience will add great value, as he builds on the excellent progress and platform the investments team have already achieved.

I am grateful to our recently retired Chair, Andrew Fairley, for his visionary performance as Chair for so many years. Our Fund has been very fortunate to have him onboard.

We are all so appreciative of our members working on the frontline, in the energy, resources, water, infrastructure and manufacturing sectors. You've put yourselves at risk throughout the pandemic, serving millions of Australians each day. Thank you.

We continue to focus on unlocking benefits and increasing our capability and capacity for growth. Behind those aims is our commitment to constantly improve the Fund's performance and enhance our services. The past 18 months has proven our adaptability. We find solutions that are clever and always stick to our purpose of supporting and preparing our members for financial freedom in their retirement.

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Scott Cameron
Chief Executive Officer

“
The past 18
months have
proven our
adaptability.
”

Our Fund

As at 30 June 2021

\$19.3b

FUM*



73,928

members



52,323

contributing
members^



70.8%

of members
contributing



\$701m

in contributions



12.8%

of members
salary sacrificing



* Funds under management.

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

Net returns

We stack up well

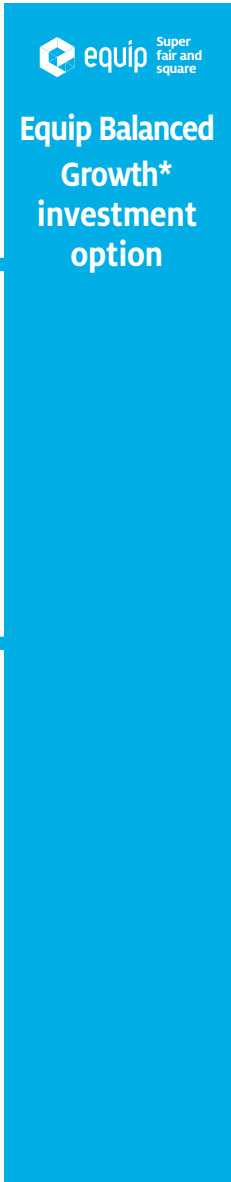
With low fees and strong returns, you can be confident your Fund is performing over the long term.

Over 15 years to 30 June 2021, and after fees, Equip’s Balanced Growth investment option* returned \$430 more per year than the retail fund average and \$235 more per year than the all-fund average.^

**EQUIP BALANCED GROWTH OPTION
(65% IN GROWTH STYLE ASSETS)**

Equip’s Balanced Growth investment option is used for this comparison given its similarity to our MySuper investment option in asset allocation and investment objectives. Balanced Growth has a longer-term performance history.

\$13,531 p.a.



\$13,101 p.a.



\$13,296 p.a.



^ 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 15 years to 30 June 2021 and the latest administration fees as at October 2021. The retail super category includes balanced options of corporate funds, corporate master trusts and retail master trusts. For important information about the data provided by Chant West, see page 48 of this report.

Member outcomes are our biggest priority

We measure the effectiveness of our investments and how they improve members' experience.

We're always working to make sure members enjoy great service, and get the right advice and support so they can retire comfortably.

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. Many members have logged in to their account online over the last 12 months, accessing information about their super, investments and insurance. Others kept informed through email and social media.

With pandemic challenges continuing through much of this financial year, our Helpline has again focused on supporting members in financial hardship.

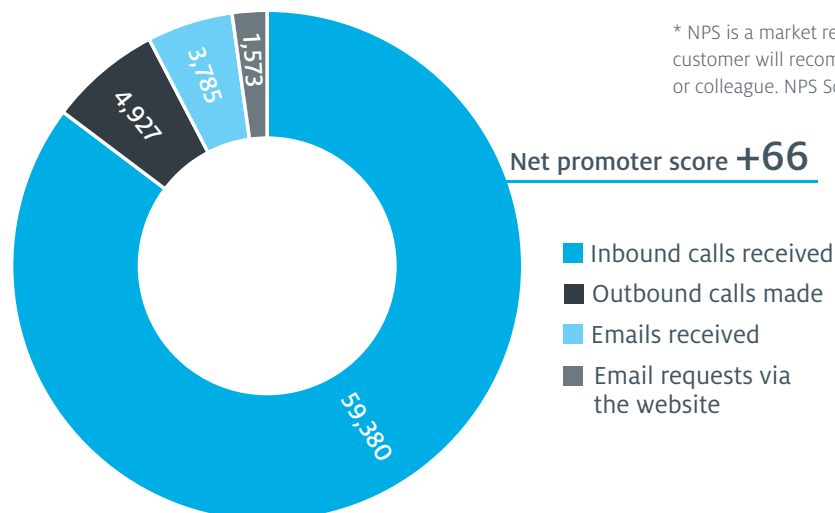
As at 31 January 2021, 30 days after the COVID-19 Superannuation Early Release Scheme was closed to new applications, we had paid out \$100 million to approximately 7,400 members, 3,750 of whom made repeat applications since the scheme commenced in April 2020. We're pleased to have been able to assist our members at this difficult time.

We understand our members want support. Our outbound team is fully enabled to have targeted conversations with both new and existing members, providing a helpful and tailored service for everyone.

During the 2020–2021 year 23% of calls received participated in the survey at the end of the call, with the majority telling us they would recommend our Fund to others. Our Service Centre Net Promoter Score (NPS)* of +66, as at 30 June 2021, reflects our commitment to delivering service excellence over the phone when our members contact us.

* NPS is a market research tool aimed at rating the likelihood that a customer will recommend a company, product, or a service to a friend or colleague. NPS Scores range from -100 to +100.

MEMBER CONTACTS



Welcoming new members and growing the Fund

The Trustee's goal is 300,000 members and \$50 billion in funds under management by 2025. As part of a larger superannuation fund with more funds under management, Equip can offer members better benefits, economies of scale, greater value for money, broader investment expertise and improved services. This requires a proactive approach to attracting new members that doesn't rely on organic growth alone.

On 1 May 2021, a SFT saw Toyota Super's 5,000 members and \$897 million in funds under management, join Equip. Toyota Super shares many characteristics with Equip, especially its focus on putting members' interests first and prioritising strong, long term investment returns. Equip and Toyota Super worked hard to ensure that Toyota Super members were transitioned with efficiency, ease and transparency.

When we commenced a joint venture with Catholic Super in late 2019 under the banner of Togethr Trustees, it was part of our broader proactive approach to scalable growth. Mergers are also consistent with the Federal Government's *Your Future, Your Super* legislation. The legislation encourages smaller superannuation funds to seek efficiencies and underperforming funds to improve.

We have already identified further opportunities to achieve our goal in coming years. We will finalise a SFT with BOC Super, a not-for-profit superannuation fund established in 1937, at the end of 2021. BOC Super currently has 2,890 members and \$762 million funds under management.

Other possibilities to merge will commence when we can ensure members will experience clear benefits. We carefully assess all potential mergers to see if the culture, investment beliefs and member cohorts of Equip and the new fund can be successfully melded.

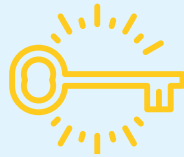
From humble beginnings in 1931, the Fund has steadily grown. Recent years saw the establishment of Togethr Trustees, which currently oversees \$31 billion in funds under management. The next few years will see further growth and solidify Equip's position as one of Australia's oldest and best superannuation providers. We look forward to welcoming new members and thank all our members and employers for continuing to choose Equip.

“
From humble
beginnings in
1931, the Fund
**has steadily
grown.**

”

Our focus

Member experience



- Focus on better retirement outcomes
- Delivering an end-to-end experience members have asked for
- Personalised experience to support members' decision making
- Providing trusted financial advice and support

Growth



- Sustainability
- Competitiveness
- Value for money
- Cost efficiency

Governance



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

Investments



- Strong long-term reserves
- Risk-managed portfolio
- Sustainable investment
- Well-designed default options

Our community

Retired electrical metering manager shows young Australians how to jump-start their super balance

Three years ago, Michael (Mick) de Lisle achieved his dream of early retirement, just like his father had done before him, by putting the tools down at age 58.

It wouldn't have been possible, the Rowville-based former meter technician says, without paying careful attention to his super from an early age with the support of his Fund, Equip.

Mick's career kicked off as an apprentice meter mechanic with the State Electricity Commission of Victoria (SECV) in 1977, a time when just 32% of Australian workers were covered by superannuation. However, Mick says that while consistent employer contributions to your super are a good starting point, people shouldn't rely on their compulsory contributions alone if they want to ensure a strong balance for retirement. "If I had just sat idly and let my super run itself without any extra interference, there's no way I'd have retired before my sixtieth birthday."

"My first workplace was the SECV, a government supply industry formed in 1921 to provide Victoria's electricity. It became the lifeblood of industrial and economic development throughout Victoria," said Mick.

Rapid changes in technology made the industry challenging to work in, but the money was good. So good in fact, that the free-spirited Mick quit a few years after joining to backpack around America, Canada and Tahiti. "After travelling and settling down with a family, I thought, 'right, now it's time to get serious about my finances.'"

Upon returning to Melbourne in 1982, Mick rejoined the SECV as a metering technician. By this time, super schemes were being proactively offered to Australian workers and Mick joined the SECV fund of choice, Equip.



“At the time, I didn’t know Equip from a bar of soap. What I did know, however, was the importance of making super contributions in addition to those made by my employer. I started doing this at 23 and it had a tremendous impact on my balance over the years. I actively encourage those new to the workforce, including my son and daughter, to do the same.”

HOW MICK SUPERCHARGED HIS RETIREMENT

“I’ve been an Equip member for 36 years. The Fund’s performance has been consistently strong over the years. The Fund has been a pillar of support, alongside my father, friends and older workmates, when it comes to financial and investment advice.

“When I started planning my retirement, the staff at Equip were extremely supportive in creating a tailored retirement plan, including a budget for day-to-day expenses, but also travel plans.

“Equip made the entire process extremely easy. At 58, I was ecstatic to be retiring at an early age like my father had done. I really couldn’t have done it without paying good attention to my super balance over the years and having the support of Equip.

“It turns out a good paycheck alone isn’t enough when it comes to your financial future – it’s crucial to monitor investment options and make super contributions when you can. Thanks to this, in retirement I’ve been able to travel with my wife, spend time with family and enjoy life without worrying about having enough money.”

“ ... at 58, I was
**ecstatic to
be retiring at
an early age ...** ”



Improved insurance offering for members

In October 2020, we rolled out a comprehensively redesigned insurance offering to members in Equip MyFuture. Equip MyFuture provides super benefits to approximately 40,000 members in the Fund; it is the default for 270 of our employers as well as our public offer product.

With the redesign, the main goals were to align default cover with our guiding insurance principles – providing quality death and total and permanent disablement (TPD) cover that is flexible and affordable, while not unduly reducing retirement outcomes.

Responding to feedback from our members, the new cover automatically changes, allowing members to be covered as their needs change based on lifestage. The amount of death and TPD cover received at each life stage is based on research conducted with our members and in close consultation with industry experts on what a typical member may need.

Cover builds up with more TPD than death when a member is younger, reducing cost of cover and allowing retirement savings to compound in those critical, earlier years of the journey to retirement. Both death and TPD peak between the age of 35 and 45, when financial obligations tend to rise the most. After that, cover starts to gradually reduce, to ensure the member can save enough for retirement. Cover is either calculated based on a multiple of salary, if we have salary information, or provided as a set dollar amount depending on the member's age.

To afford better flexibility, members are now able to decouple death and TPD cover and only have TPD if they wish. Further, Smart Cover offers five occupation

ratings, allowing members to decrease the cost of cover, provided they apply, and are accepted for, a different rating. They can continue to fix their cover at any time.

The increased flexibility was welcomed by our members, mobilising an unprecedented number to take action in the lead up to the change. Many used the opportunity to lock in cover at a high level, and many more applied and were accepted for another occupation rating.

While Equip MyFuture saw the biggest benefit design changes, we took the opportunity to review the cover we offer across all our plans. Notably, we introduced occupational ratings in one of our largest corporate plans, which caters to 25,000 members. Reviews and adjusted premiums resulted in increases as well as decreases, depending on the plan.

To find out more about our insurance cover, read the relevant PDS or visit: equipsuper.com.au/superannuation/insurance

Member engagement

Over the course of the last year, we created campaigns and communications that helped our members through a turbulent time. These communications and educational tools included early release education, financial wellbeing hubs, and solutions to boost super and create ways to build a better and stronger financial future.

Early access to super

Unfortunately, some of our members suffered job losses and a financial impact because of COVID-19. As a result, they were relieved to be able to access their super early, due to an initiative introduced by the Federal Government. To support these members, we communicated with them to share important information about our super services and tools and provided some useful articles via an online Super Support Hub. Through this hub we also advertised available jobs at our Fund, and tips to help navigate finding employment and starting a new job while working remotely.

Annual Member Meeting

On 3 March 2021, we held our first Annual Member Meeting (AMM) online. Hosting it online allowed us to provide a COVID-safe environment for learning about Fund outcomes for the 2019–2020 financial year and offered an opportunity for all of our members to watch remotely from around the globe. Thank you to those of you who could attend and who took the opportunity to ask questions. We look forward to our next AMM on 29 November 2021. We hope you can make it.

Our new insurance offering

On 1 October 2020, we made some changes to how we provide insurance cover for our insured members. To support this change, we communicated details about the types, amount and cost of cover to apply from 1 October and compared it with the insurance offering in force prior to 1 October. For further support, we also prepared an online support channel to support you with additional information. Our member support services were also trained to answer any questions you may have about your insurance.

Member newsletters

We know how important investment returns are to our members. In response to a difficult year, member feedback and a drive to improve member experience saw us take a more comprehensive approach to our reporting with quarterly member newsletters.

The newsletters offer three tiers of investment reporting – to suit the recipient's level of engagement. Regular information in multiple formats allows our members to stay up to date with how their super is performing. The newsletters include:

- a one minute video on market trends and investment performance
- an article for members looking for greater detail
- a separate downloadable investment report for those who have a keen interest in market movements and their impact on superannuation.

We also actively engage with members frequently throughout the year by reporting investment performance and relevant information via websites, social media and email.

You can access our blog equipsuper.com.au/blog

We value our members and work hard to build the strength of our relationships through increased engagement with employers. Partnerships deliver workplace education to members, aimed at helping them maximise their retirement outcomes. Our super experts help explain legislative updates and assist payroll staff to manage superannuation payments.

Financial planning

Equip Financial Planning (EFP), our financial planning arm, can provide personal financial product advice to Equip members. We were pleased to continue this service during the COVID-19 pandemic.

Some financial planning meetings were held face-to-face, but with ongoing COVID-19 restrictions a lot were done online and via telephone.

Retirement seminars

With member safety a top priority, all face-to-face retirement planning seminars were in COVID-friendly environments.

The employer engagement team has adapted to the new operating environment brought on by COVID-19 and continues to educate and inform our members in the past 12 months via education sessions and private meetings.

Financial planning



1,803

EFP appointments



379

statements of advice issued

Retirement seminars



257

attendees at eight seminars

Employer engagement



2,579

members attending education sessions



1,113

member one-on-ones

5,752

members reached



Awards

Proud to be an award-winning super fund

We're pleased to have a history of being acknowledged for our outstanding value within the super industry. This means better value super for our members.

Independent ratings agency SuperRatings has awarded Equip the highest platinum performance rating as a 'Best value for money' fund 15 years in a row.



Our approach to investment

We believe in active management of members' money across a long-term investment horizon, while keeping a watchful eye on the funds we already have.

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 members' long-term interest.

We focus on diversification, finding the best investments we can. We are not reactive but disciplined in our approach, which is something that can be hard to do when managing your own money. Because of our active approach to investing, and our discipline, we're one of the best long-term performing funds in the country.*

Investing responsibly

Responsible investment is an important part of our long-term strategy. During 2020–2021, we published our inaugural [Climate Change Position Statement](#), [Stewardship Statement](#) and [Responsible Investment Report](#).

Our objective is to maximise the retirement income of our members, and 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 engage with companies, policy makers and actively exercise our voting rights at meetings in support of good governance and a sustainable economy. You can find detailed information on this in our equipsuper.com.au/resource-folder/annual-reports/eq-responsible-investment-report-2020.aspx

* Based on SuperRatings SR50 Balanced (60-76) Index.



ESG integration

The integration of ESG concerns and the application of responsible investment practices in 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 invest through specialist investment managers and hold some assets directly. Before a manager is appointed, or before acquiring any direct assets, we assess their ESG performance. Managers are monitored yearly.

Addressing climate change risk and reporting

Climate change is one of the biggest challenges globally and requires urgent attention. In December 2020, we committed to achieving net zero emissions by 2050. We believe that an orderly transition to a low-carbon economy will provide the best outcome. We use our influence to drive change by investing in climate solutions. We expect companies we invest in to disclose climate change risks and opportunities, in accordance with the Task Force on Climate-related Financial Disclosures (TCFD). Our first TCFD reporting is equipsuper.com.au/resource-folder/governance-and-disclosure/esg-policy/climate-change-position-statement.aspx. We aim to keep progressing each year, providing updated reports.

Strong year for markets and returns

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 delivered strong returns for the 2020–2021 financial year. With our weightings to shares increased at the lows of the pandemic in 2020, we positioned with overweight equity allocations compared to long-term strategic targets. The market proved to be robust due to policy and vaccination news, providing strong returns for our members.

Our Balanced Growth option, where many members are invested, returned +16.6% for the year. Due to our Balanced Growth option, we maintained our position as a top 10* best performing fund in the Balanced category over the long-term period of 10, 15 and 20 years.

* Based on SuperRatings SR50 Balanced (60-76) Index.

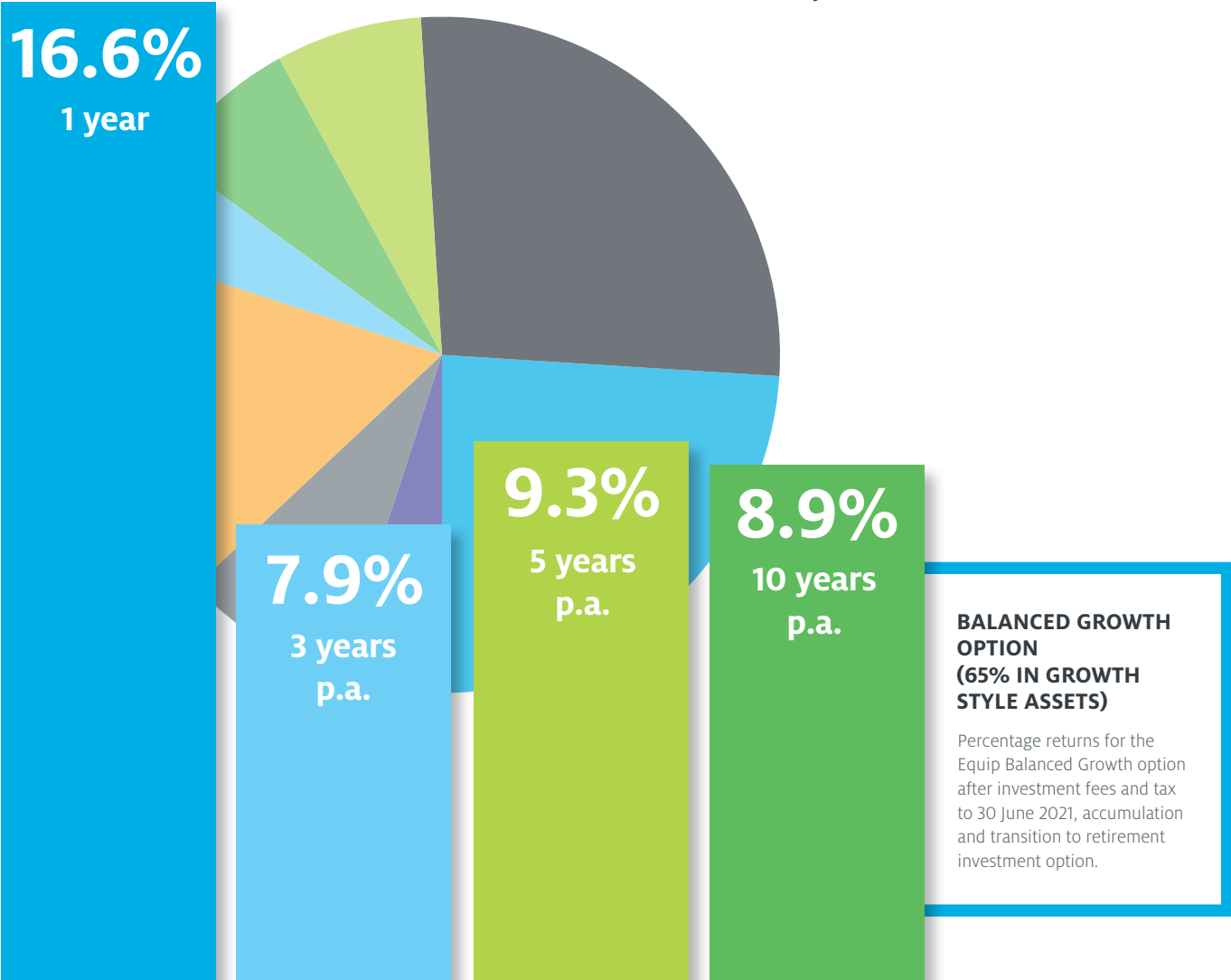


Balanced Growth option

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 managing risk and volatility in the short term. This ‘balance’ might feel boring when markets are booming, but diversification is just what’s needed when markets are volatile.

Investment is a long term proposition and the key is consistently strong results over many years. Equip has delivered an average of 8.9% per annum for members invested in the Balanced Growth option over the past 10 years.

The tables on pages 24–32 show 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 investment fees and taxes as at 30 June 2021.



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

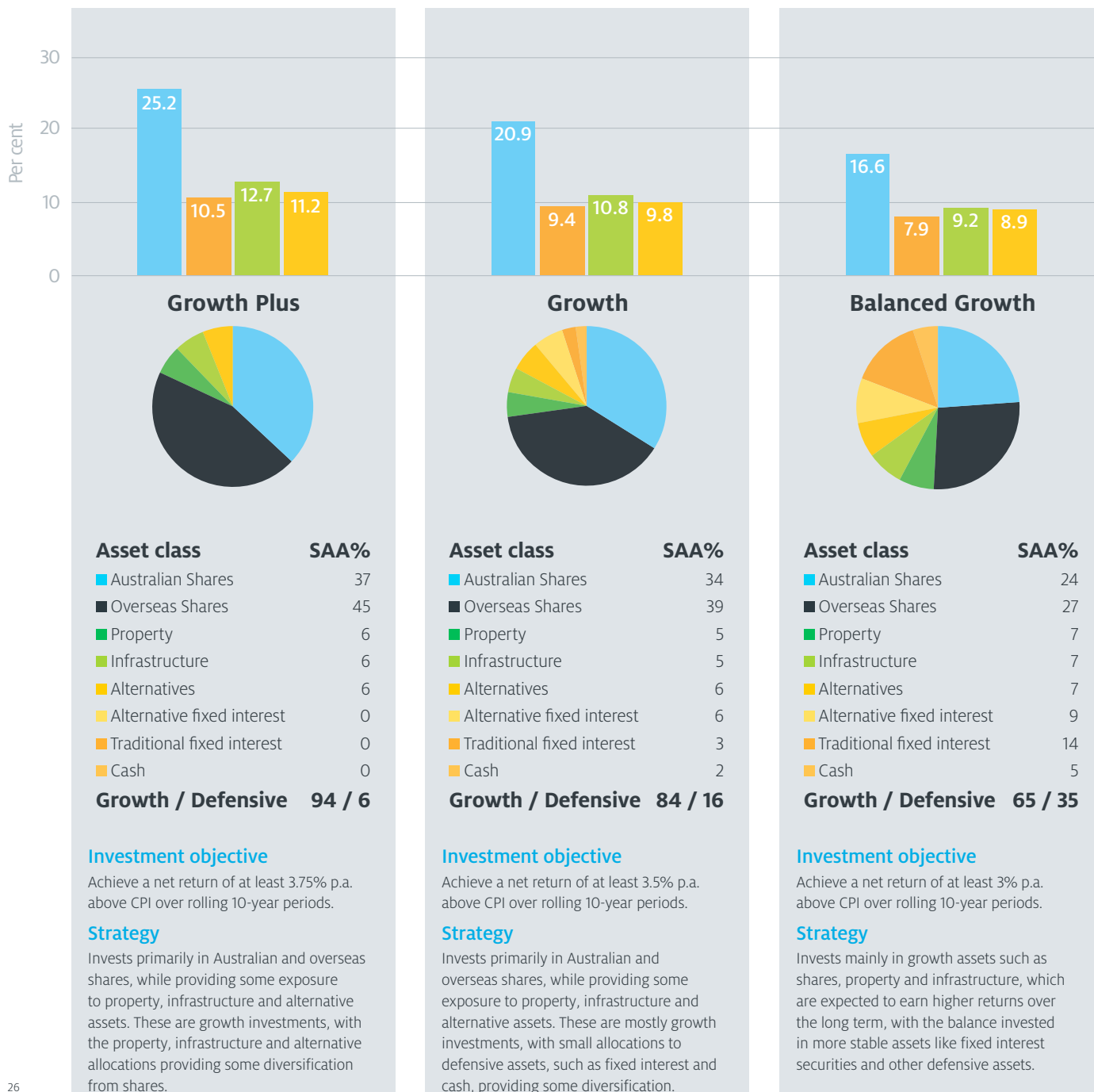


A member's return is
affected when they make
contributions to the Fund
or withdrawals, or switch
between investment
options



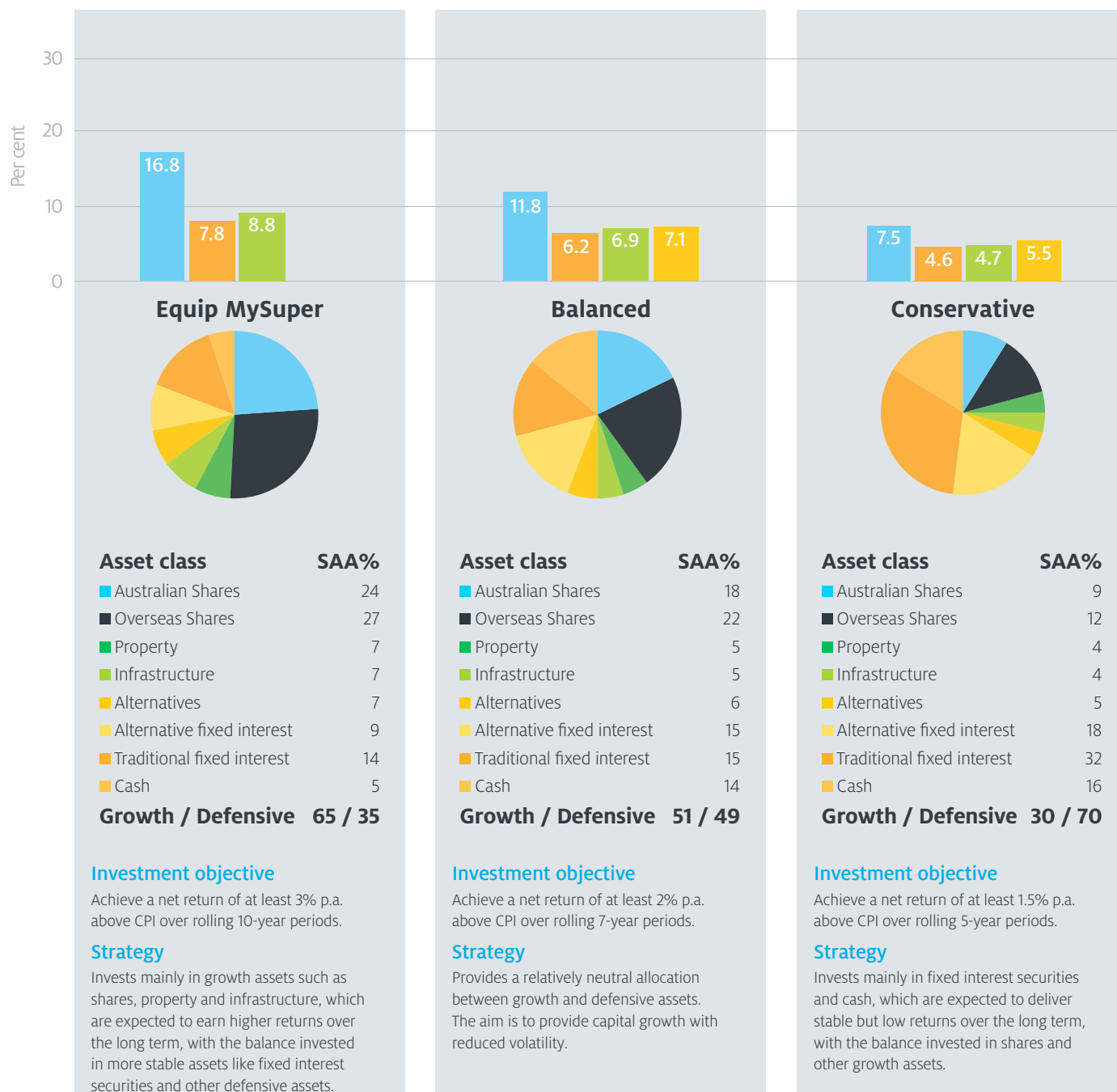
Superannuation returns to 30 June 2021

1 year 3 years 5 years 10 years



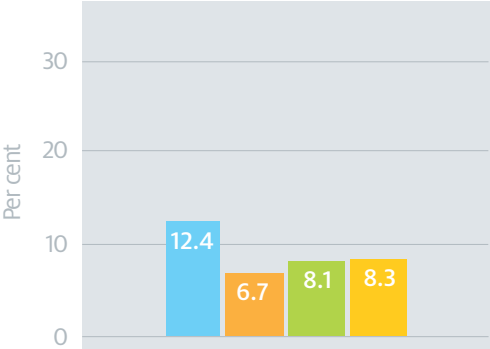
Superannuation returns to 30 June 2021

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

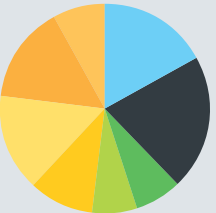


Superannuation returns to 30 June 2021

1 year 3 years 5 years 10 years



Defined Benefit



Asset class	SAA%
Australian Shares	17
Overseas Shares	21
Property	7
Infrastructure	7
Alternatives	10
Alternative fixed interest	15
Traditional fixed interest	15
Cash	8

Growth / Defensive 54 / 46

Investment objective

Achieve a net return of at least 2.5% p.a. above CPI over rolling 7-year periods.

Strategy

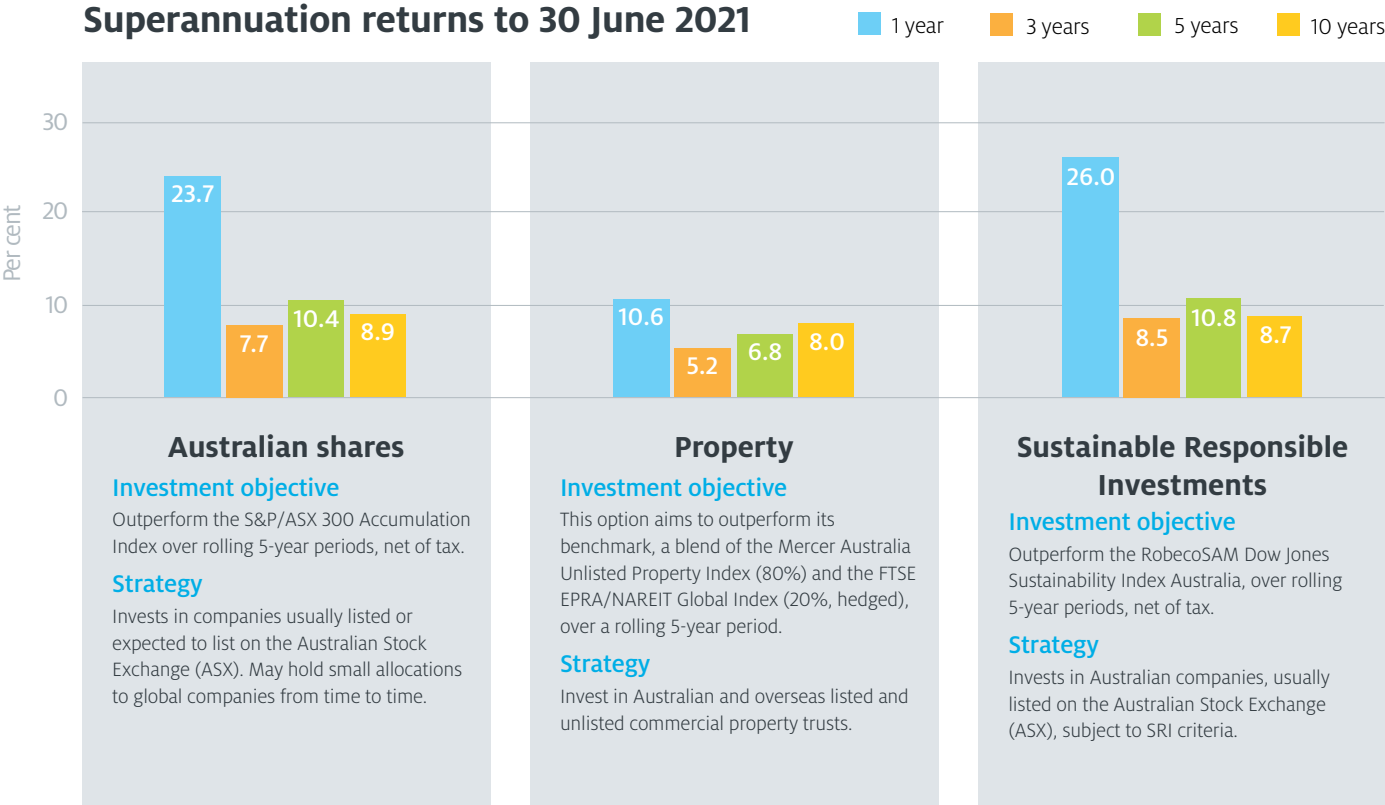
Invests in growth assets such as shares, property and infrastructure, which are expected to earn higher returns over the long term, with the balance invested in more stable assets like fixed interest securities and other defensive assets.



Superannuation returns to 30 June 2021

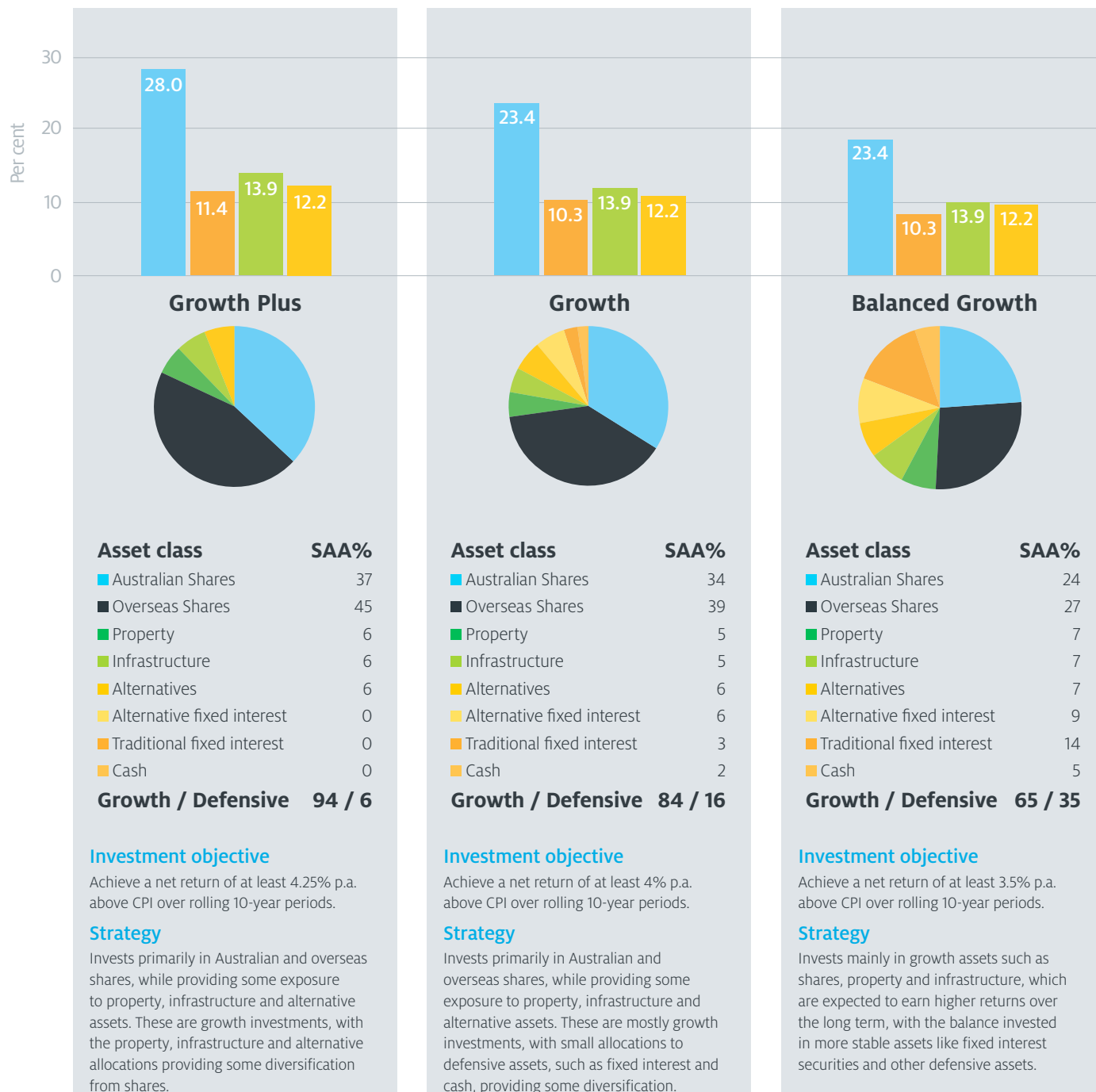
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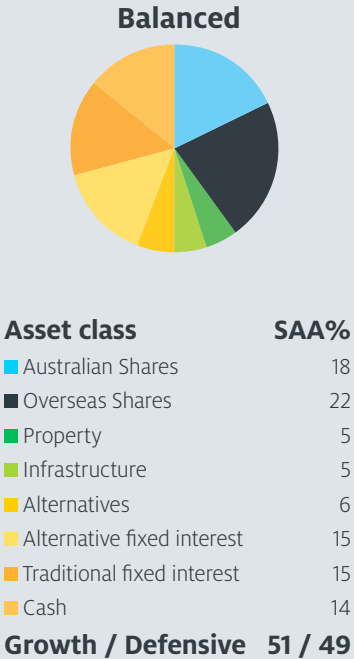
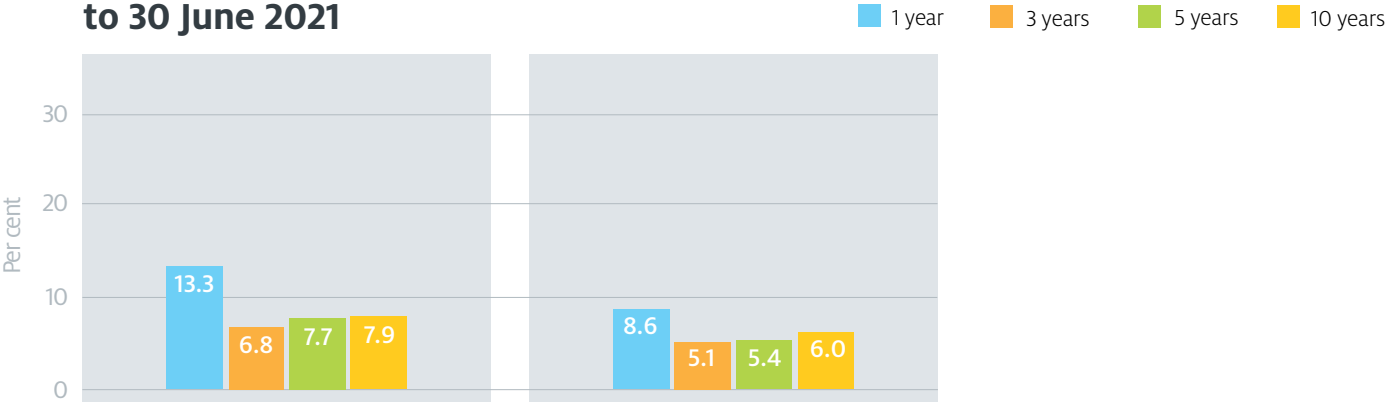


Account Based Pension (ABP) returns to 30 June 2021

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

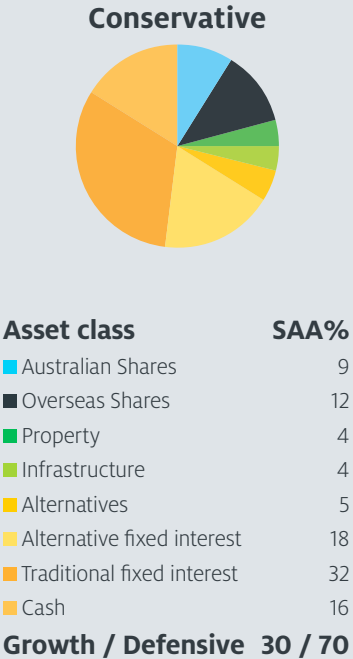


Account Based Pension (ABP) returns to 30 June 2021



Investment objective
Achieve a net return of at least 2.5%p.a. above CPI over rolling 5-year periods.

Strategy
Provides a relatively neutral allocation between growth assets and defensive assets, with slightly more growth assets than the Balanced option.

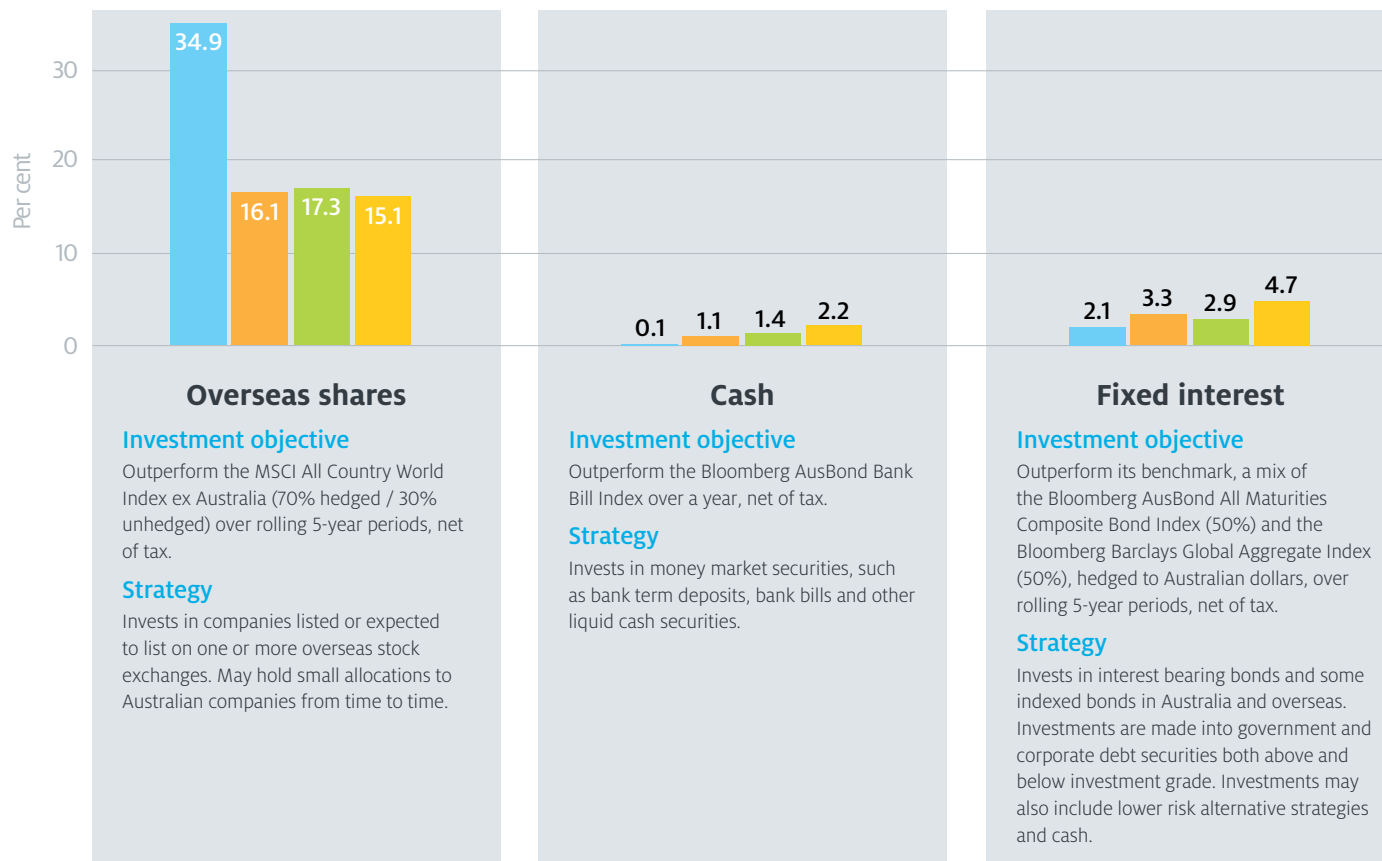


Investment objective
Achieve a net return of at least 2% p.a. above CPI over rolling 5-year periods.

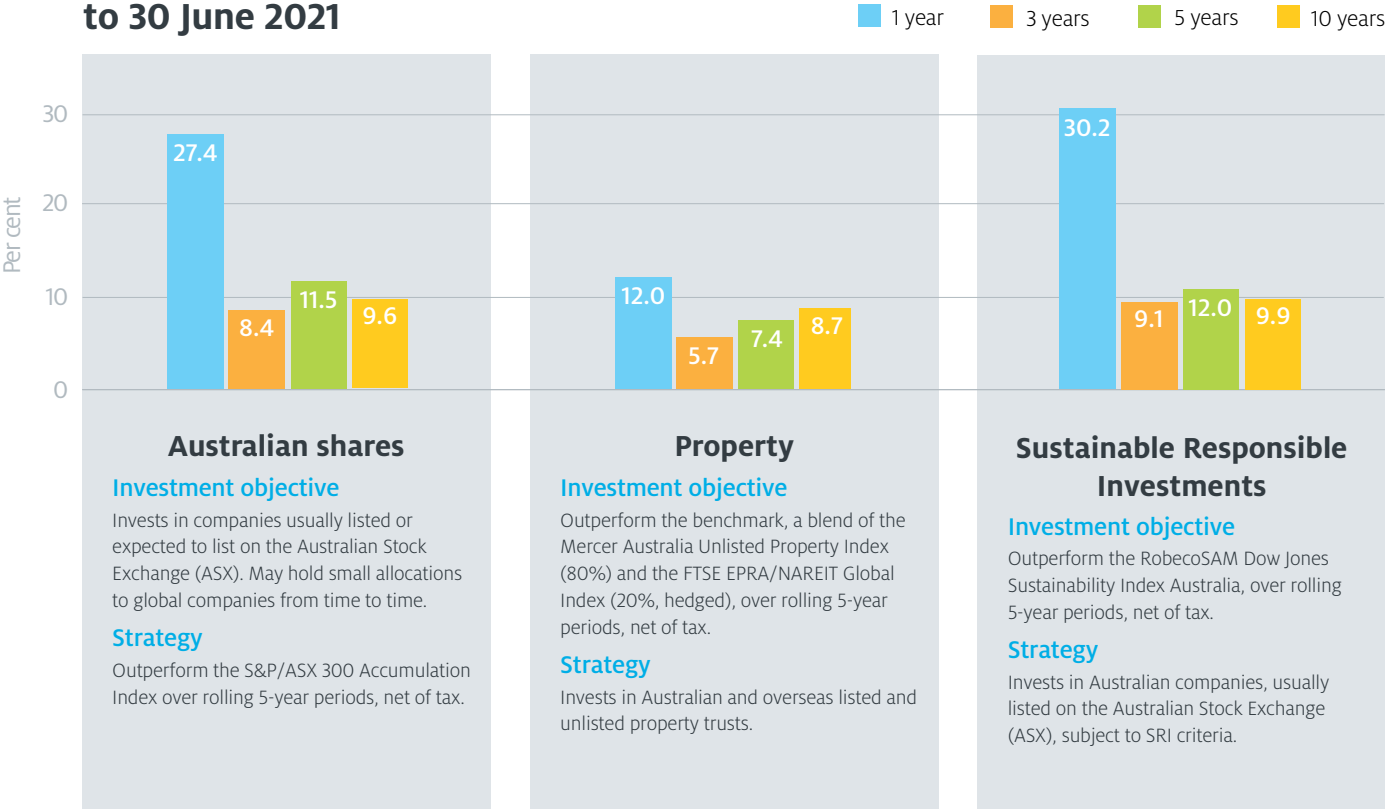
Strategy
Invests mainly in fixed interest securities and cash, which are expected to deliver stable but low returns over the long term, with the balance invested in shares and other growth assets.

Account Based Pension (ABP) returns to 30 June 2021

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



Account Based Pension (ABP) returns to 30 June 2021



Our investment managers

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

INVESTMENT MANAGERS AS AT 30 JUNE 2021

MANAGER	ASSET CLASS	MANAGER	ASSET CLASS
Alliance Bernstein	Australian equities	Macquarie Investment Management Global Ltd	Australian fixed Income
AMP Capital Investors Limited	Property	Macquarie Specialised Asset Management Ltd	Infrastructure
Antares Capital	Cash	Man Investments	Growth alternatives
Ardea Investment Management Pty Ltd	Defensive alternatives, Australian fixed interest	Martin Currie Investment Management Ltd	Overseas equities
Baillie Gifford Overseas Limited	Overseas equities	National Australia Bank Ltd	Currency overlay
Bentham Asset Management	Defensive alternatives	Northcape Capital	Overseas equities
BlackRock Investment Management	Overseas equities	Orbis Investment Management Limited	Overseas equities
Brandywine Global Investment Management LLC	Defensive alternatives	Paradice Investment Management Pty Ltd	Australian equities
Dexus Funds Management Limited	Property	Partners Group AG	Growth alternatives
Fulcrum Asset Management LLP	Growth alternatives	PIMCO Australia Management Limited	International fixed interest
Goodman Funds Mgt Ltd	Property	Queensland Investment Corporation	Asset Allocation Overlay
GPT Funds Management Ltd	Property	Renaissance Smaller Companies Pty Ltd	Australian equities
Graham Capital Management	Growth Alternatives	Resolution Capital Pty Ltd	Property
Hayfin Capital Management LLP	Growth alternatives, Defensive alternatives	Ruffer Investment Company	Growth alternatives
IFM Investors	Australian equities	Schroders Investment Management Australia Ltd	Overseas equities
Lazard Asset Management	Infrastructure	Shenkmans Capital Management, Inc	Defensive alternatives
Lend Lease Real Estate Investments Ltd	Property	T. Rowe Price International Ltd	Overseas equities
		Utilities Trust of Australia	Infrastructure

Investments through the following entities each represented a combined value of more than 5% of the total assets of the Fund as at 30 June 2021:

- Ardea Investment Management Pty
- Orbis Investment Advisory Pty.

Mid to long-term performance

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

EQUIP BALANCED GROWTH RETURN (NET OF TAX AND INVESTMENT FEES)	5 YEARS %	10 YEARS %	15 YEARS %	20 YEARS %
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Return	9.26	8.93	7.04	7.53
Investment target (p.a.)	CPI +3.5	CPI +3.5	CPI +3.5	CPI +3.5
Outperformance relative to target (p.a.)	5.31	5.32	5.69	5.86
SuperRatings Median	8.72	8.28	6.68	6.92

MANAGEMENT FEES

For managment fees and other costs see the Product Disclosure Statement for your Equip product equipsuper.com.au/pds

Equip Balanced Growth
outperformed relative to
the target by

>5.3%

over 5, 10, 15 and 20 years

Financial summary

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 2021

	2021 \$000	2020 \$000
Assets		
Cash and cash equivalents	96,344	55,078
Receivables	706,847	44,578
Investments	30,364,449	15,913,858
Plant and equipment	3,837	2,135
Deferred tax assets	1,565	1,063
Total assets	31,173,042	16,016,712
Liabilities		
Payables	(68,070)	(49,933)
Income tax payable	(120,593)	(13,318)
Deferred tax liabilities	(508,543)	(202,101)
Total liabilities excluding member benefits	(697,206)	(265,352)
Net assets available for member benefits	30,475,836	15,751,360
Member liabilities		
Defined contribution member liabilities	(28,076,646)	(13,708,348)
Defined benefit member liabilities	(1,742,935)	(1,723,944)
Total member liabilities	(29,819,581)	(15,432,292)
Total net assets	656,255	319,068
Equity		
Operational Risk Financial Reserve	78,300	41,490
Administration Reserve	86,988	34,337
Insurance Reserve	7,926	6,162
Investment Reserve	71,599	(23,039)
Defined benefit plans over funded	411,442	260,118
Total equity	656,255	319,068

Successor fund transfer

On 30 June 2021, the Fund undertook a SFT with Catholic Super. The change to net member liabilities of \$11.4 billion is included separately in the statement of changes in members' benefits. The assets and liabilities transferred were:

	2021 \$000
Assets	
Cash and cash equivalents	34,250
Receivables	45,675
Investments	11,333,532
Investment receivable	325,520
Plant and equipment	1,851
Deferred tax assets	494
Total assets	11,741,322
Liabilities	
Payables	11,855
Income tax payable	71,811
Deferred tax liabilities	156,171
Total liabilities excluding member benefits	239,837
Net assets available for member benefits	11,501,485
Total member liabilities	11,375,002
Total net assets	126,483
Equity	
Operational Risk Financial Reserve	28,592
Administration Reserve	37,195
Investment Reserve	59,697
Insurance Reserve	999
Total equity	126,483

Income statement for the year ended 30 June 2021

	2021 \$000	2020 \$000
Superannuation activities		
Interest	26,506	59,585
Dividend revenue	434,688	434,111
Other investment income	10,743	7,039
Changes in assets measured at fair value	2,300,136	(360,219)
Other income	2,860	692
Total superannuation activities income	2,774,933	141,208
Investment expenses	(49,289)	(48,738)
Administration expenses	(37,556)	(41,624)
Total expenses	(86,845)	(90,362)
Net result from superannuation activities	2,688,088	50,846
Net change in defined benefit member liabilities	(69,681)	(274,018)
Net benefits allocated to defined contribution member accounts	(2,167,224)	(137,558)
Net profit/(loss) before income tax	451,183	(360,730)
Income tax (expense)/benefit	(246,817)	22,540
Net profit/(loss) after income tax	204,366	(338,190)

Statement of changes in member benefits for the year ended 30 June 2021

	Defined contribution members' benefits \$000	Defined benefit members' benefits \$000	Total \$000
Opening balance as at 1 July 2020	13,708,348	1,723,944	15,432,292
Member contributions	115,040	1,835	116,875
Spouse contributions	553	–	553
Employer contributions	549,424	37,681	587,105
Transfers from other superannuation plans	212,305	693	212,998
Transfer – successor fund transfer	834,306	51,487	885,793
Transfer - MLMM successor fund transfer	11,375,002	–	11,375,002
Transfers to other superannuation plans	(474,967)	–	(474,967)
Income tax on contributions	(76,765)	(4,710)	(81,475)
Net after tax contributions	12,534,898	86,986	12,621,884
Benefits paid to members/beneficiaries	(435,915)	(31,702)	(467,617)
Insurance premiums charged to members	(26,397)	(4,046)	(30,443)
Death and disability benefits credited to member accounts	25,301	1,261	26,562
Transfer of funds from defined benefit member benefits	–	(103,189)	(103,189)
Transfer of funds to defined contribution member benefits	103,189	–	103,189
Net benefits allocated comprising:			
Net investment income allocated	2,199,867	–	2,199,867
Administration fees	(32,645)	–	(32,645)
Net change in defined benefit member benefits	–	69,681	69,681
Closing balance as at 30 June 2021	28,076,646	1,742,935	29,819,581

Statement of changes in member benefits for the year ended 30 June 2020

	Defined contribution members' benefits \$000	Defined benefit members' benefits \$000	Total \$000
Opening balance as at 1 July 2019	13,410,531	1,659,878	15,070,409
Member contributions	88,891	2,080	90,971
Spouse contributions	571	–	571
Employer contributions	531,933	23,689	555,622
Transfers from other superannuation plans	305,144	–	305,144
Transfer – successor fund transfer	150,608	–	150,608
Transfers to other superannuation plans	(578,534)	–	(578,534)
Income tax on contributions	(73,799)	(3,181)	(76,980)
Net after tax contributions	424,814	22,588	447,402
Benefits paid to members/beneficiaries	(450,221)	(40,790)	(491,011)
Insurance premiums charged to members	(27,122)	(3,376)	(30,498)
Death and disability benefits credited to member accounts	23,542	872	24,414
Transfer of funds from defined benefit member benefits	–	(189,246)	(189,246)
Transfer of funds to defined contribution member benefits	189,246	–	189,246
Net benefits allocated comprising:			
Net investment income allocated	165,738	–	165,738
Administration fees	(28,180)	–	(28,180)
Net change in defined benefit member benefits	–	274,018	274,018
Closing balance as at 30 June 2020	13,708,348	1,723,944	15,432,292

Statement of changes in reserves for the year ended 30 June 2021

	Operational Risk Financial Reserve \$000	Admin Reserve \$000	Insurance Reserve \$000	Investment Reserve \$000	Defined benefit plans over/(under) funded \$000	Total \$000
Opening balance	41,490	34,337	6,162	(23,039)	260,118	319,068
Transfer between reserves	(1,100)	1,100	–	–	–	–
Operating result	7,108	14,356	765	32,994	149,143	204,366
Successor fund transfer in	2,210	–	–	1,947	2,181	6,338
Transfer from MLMM Super	28,592	37,195	999	59,697	–	126,483
Closing balance	78,300	86,988	7,926	71,599	411,442	656,255

Statement of changes in reserves for the year ended 30 June 2020

	Operational Risk Financial Reserve \$000	Admin Reserve \$000	Insurance Reserve \$000	Investment Reserve \$000	Defined benefit plans over/(under) funded \$000	Total \$000
Opening balance	41,283	30,903	6,000	85,195	492,712	656,093
Transfer into reserves	–	1,165	–	–	–	1,165
Operating result	207	2,269	162	(108,234)	(232,594)	(338,190)
Closing balance	41,490	34,337	6,162	(23,039)	260,118	319,068

Statement of changes in reserves for the year ended 30 June 2019

	Operational Risk Financial Reserve \$000	Admin Reserve \$000	Insurance Reserve \$000	Investment Reserve \$000	Defined benefit plans over/(under) funded \$000	Total \$000
Opening balance	38,809	38,664	6,457	(8,032)	497,870	573,768
Transfer into reserves	–	(5,440)	–	–	5,440	–
Operating result	2,474	(2,321)	(457)	93,227	(10,598)	82,325
Closing balance	41,283	30,903	6,000	85,195	492,712	656,093

General financial information

Reserves

The Trustee maintains the following reserves:

Operational Risk Financial 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 that may arise from operational risks. The target funding level for this reserve is 25 basis points (or 0.25%) of total member entitlements. The reserve is monitored on an ongoing basis and replenished with additional funds in the event the balance falls below the tolerance limit.

Administration 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 as well as one-off approved expenditures considered to be in the long-term interests of members.

Investment Reserve

The Investment Reserve reflects the net investment earnings accumulated which have not yet been allocated to members. The daily value will represent the difference between the cumulative amount of net investment income (after fees and taxes) earned by the Fund and the cumulative returns provided to members via the unit price. The key component will represent the differences between the estimated tax rates utilised in the daily unit pricing and the actual investment tax experience of the Fund. This difference is trued up to the unit price on a regular basis.

Insurance Reserve

The Insurance Reserve has two components:

- The self-insurance component is used to fund the future service component of the death and disability benefits of certain defined benefit members (historical self-insurance policies).
- The premium adjustment component is used to cover additional premiums payable to the insurer due to premium adjustments agreed with the insurer.

Derivatives

Derivatives are securities that derive their value from another security. Derivatives may be used in managing the Fund's investments. The Fund's derivative charge ratio has not exceeded 5% during the 2020–2021 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

The Trustee 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 the Fund makes flow back to members. We keep running costs as low as possible to maintain downward pressure on fees.

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 2022. Entities in the Togethr group, including Togethr Trustees Pty Ltd, are covered under Togethr Holdings' indemnity insurance.

Risk and compliance

Equip has a robust risk 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
- operations
- 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 employ high-calibre people who recognise the importance of aligning our strategic initiatives with the expectations and aspirations of our members and employers.

We hire people who are passionate about our values and have the qualifications, experience, and technical skills to deliver our services. We welcome all people regardless of ethnicity, background, life experiences, socio-economic status, stage of life, faith, sexual orientation and gender identity. We support our employees to achieve their full potential and believe that a diverse and flexible workplace is a key component to operational success, delivering innovation, ideation and a wide range of perspectives.

As an equal opportunity employer, we recognise the benefits of an engaged and harmonious workplace and aim to provide a fair and accommodating environment for everyone. This year, many people continued to work from home. All roles continued to deliver superior member services while working outside the office. Many in the team will choose to continue doing so, as part of ongoing flexible work arrangements.

We provide eligible employees with parental leave benefits – designed to support new parents and encourage them back to Equip so we retain their skills and member relationships. All primary carer parents are entitled to three months of paid parental leave, which can be taken in a large block or as individual days. We pay superannuation on the unpaid portion of parental leave, for a maximum of nine months. Our people can purchase additional annual leave to suit their personal circumstances.

Our team has access to a confidential counselling service for any personal or work-related issues that may impact their mental health. Our wellbeing program offers:

- information on nutrition and stress management
- annual flu injections
- advice on workplace ergonomics.

Workforce data

<div>Age range</div> <div>23–70</div> <div>(average 43)</div>	<div>Gender ratio</div> <div>101 men</div> <div>89 women</div>	<div>Gender pay gap</div> <div>6%</div> <div>(benchmark 23.6%)</div>	<div>Average employment term</div> <div>4.3</div> <div>years</div>
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Our Board members 2020–2021

During the 2020-2021 financial year, eight men and five women served on the Board. As at the date of issue of this report, the Board has a ratio of six men to three women and our executive team five men to four women.

The Togethr Board is proudly skills-based, with three employer, three member and three independent directors. As mandated, the Chair is a Board-appointed independent director. This mix allows flexibility to attract and select high-calibre people meeting, as a minimum, all standards required by legislation. They must also have the right experience and technical skills and be committed to our values. It's how we ensure our business strategies align with the expectations and aspirations of members and employers.

The maximum tenure for a Board member is 12 years (four terms).

The Board as at 1 August 2021



Chair

Danny Casey
BComm, MEcon, CPA



Independent Director

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



Independent Director

Justine Hickey
BComm, FFin, GAICD



Member Director

Mathew Cassin
MBA, BCom



Member Director

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



Member Director

David Doolan
BBus (Accounting), MAICD, TFASFA



Employer Director

Mark Cerche
B. Juris LLB (Hons)



Employer Director

Sharife Rahmani
BCom, BEcon, GCertPA, GAICD



Employer Director

Simone Thompson
BA/LLB, FAFSA, FGIA

Contact us

Phone

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Available Monday to Friday, 8:00 am – 5:00 pm

Mail

Equip

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Melbourne Vic 3000

Privacy

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

Data provided by Chant West

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