



Annual report  
2015–16

Sunsuper for life Corporate  
Sunsuper for life Business  
Sunsuper for life



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# Welcome to the Sunsuper 2015–16 Annual report.

The Board is pleased to present  
the Sunsuper Annual report for the  
financial year ended 30 June, 2016.



Directors at 30 June 2016 - Andrew Fraser, Ros McLennan, Rob Hutchinson, Ben Swan, Jenni Mack, Michael Traill, Michael Clifford and Elizabeth Hallett

# Board report

The 2015-16 financial year represented a period of significant progress and achievement for Sunsuper. We spent considerable effort over the 12 months mobilising the business to respond to the challenges and opportunities of the current environment and, in doing so, positioned ourselves as not only one of the nation's fastest growing super and retirement businesses, but also one of its most consistently awarded.

As a result, last financial year was characterised by particularly strong growth with net funds flow increasing 14 per cent against a backdrop of an overall decline in industry net funds flow of -14 per cent<sup>1</sup>, which is a fantastic result. This performance was driven in no small part by the effective execution of our national growth strategy with the company winning almost \$1 billion in new corporate superannuation plans. This is our strongest year ever in this market segment.

We were also honoured to receive two new industry awards in 2015-16 with Sunsuper being named Chant West's "Best Fund: Integrity" and "Corporate Solutions Fund of the Year".

We were particularly pleased with the integrity award as it recognised, among other things, the positive impact to governance that the recent addition of our three independent directors has made.

In addition to that, we also won an Australian Service Excellence Award<sup>3</sup> for Service Excellence in a Contact Centre (under 100 employees) for the second year in a row, as well as an exclusive 6-star quality rating for our *Sunsuper for Life* product from ratings agency Heron. For us, the satisfaction in winning these awards comes not from the award itself, but in the knowledge that our strong product and service commitment to our customers is recognised by key industry bodies as truly market-leading.

But we certainly haven't rested on our laurels. Operationally, we continue to invest in new technologies as part of the most significant digital transformation program in the company's history. This move aims to help us evolve into one of the nation's most innovative, data-driven, digital businesses.

Our diversified investment options continue to deliver solid returns over the medium to longer term. Returns for the year were held back across the industry by generally weaker share markets. However, significant changes were made to our listed shares portfolios to ensure that our investment managers delivered greater value for money for our members. Our unlisted assets team also assessed a number of opportunities over the year, most notably committing to the re-development of the Australian Technology Park in Sydney and our unlisted assets - in property, infrastructure and private equity - contributed substantially to performance over the year. Overall, according to the SuperRatings survey<sup>2</sup>, Sunsuper's flagship Balanced option has outperformed the median fund over 1, 3, 5, 7, and 10 years to the end of June 2016.

Also, in our ongoing effort to continue to provide an industry-leading investment capability, we attracted ex-Vanguard Group managing director and chief investment officer George U. (Gus) Sauter out of retirement in the United States to serve as an adviser to our investment committee. At his retirement, Mr Sauter was directing Vanguard's global investment management group which oversaw assets of about US\$2 trillion, the size of the whole Australian superannuation system. In addition to attracting Mr Sauter, the investment committee welcomed new member Rodney Green. Mr Green is one of Australia's most distinguished investment professionals with more than 30 years' experience in working with some of the world's leading investment brands.

From the Board's perspective, our year has been one of change and renewal. We farewelled four of our highly respected members, Ron Monaghan, John Battams, Paul Lahiff and Rob Hutchinson, who between them served on the Board for more than 24 years. We sincerely thank each of them for their hard work and wish them all the very best for the future.

In their stead, we welcomed Ros McLennan, Michael Clifford, Theresa Moltoni OAM and Professor Mark Harvey to the Board. We also welcomed three new independent members, Jenni Mack, Andrew Fraser and Michael Traill, during the year.

This mix of current Board members ensures that the interests of our members are best served at the highest level of the organisation. Each of our directors' vast experience in their respective fields will prove invaluable in the good governance of our business on behalf of our customers. And, pleasingly, the appointments of Ms Moltoni and Ms McLennan take the number of women on our Board to almost half, strengthening the team's gender diversity.

Finally, we would like to thank Chief Executive Officer Scott Hartley, his executive team, and the whole Sunsuper group for their hard work and outstanding performance throughout the year. We will look back on 2015-16 as a seminal period in terms of the execution of our strategy to become the nation's most customer focussed and fastest growing superannuation business.

<sup>1</sup> Quarterly Superannuation Performance, APRA, June 2016 (issued August 23, 2016)

<sup>2</sup> SuperRatings Fund Crediting Rate Survey June 2016. See [www.superratings.com.au](http://www.superratings.com.au) for more information. Past performance is not a reliable indication of future performance.

<sup>3</sup> Awards are managed by the Customer Service Institute of Australia (CSIA), Australia's leading independent customer service organisation.



## A message from the chief executive officer, Scott Hartley

The last financial year was characterised by a period of significant achievement for Sunsuper as we continued to execute on our strategic agenda. With customers at the core of this strategy, our intention has been to position the company for strong national growth against the headwinds of intense competition and a highly mature market. We have further strengthened our position as one of Australia's fastest growing funds and, in an environment where less than a third of all funds in the market are demonstrating any material growth<sup>1</sup>, this is testimony to the efficacy of our strategic execution.

As part of this, we continue to build on our ability to compete successfully in the corporate super market leading to a number of major tender wins in the last 12 months - and with a number of other successes currently in the pipeline, this coming financial year is looking even better. These wins are critical as it gives us the opportunity to rapidly build scale and allows us to continue to deliver high quality, low cost products and services to our customers.

We also continued to demonstrate innovation in the market with the launch of a raft of key product initiatives including Total and Permanent Disability (TPD) insurance product called TPD Assist. Based on member feedback, the product removes most claims waiting periods, facilitates early intervention and occupational rehabilitation and, where possible, helps customers return to work.

In the company's bid to grow its competitiveness in the retirement market, a new feature within our pension product was also launched which features a bonus paid to members on retirement. This was complemented by improved functionality and processing efficiencies through our Pension Online facility.

We also initiated our new Dream Rewards program which extends special product offers and discounts to members on a range of everyday items and has proven extremely popular with thousands of members taking up offers since the program's inception.

With investments, we have established a highly experienced internal team of investment professionals including our new Chief Investment Officer Ian Patrick. Ian's strong investment and leadership experience perfectly augments the depth of capability that already exists within Sunsuper's investment team as we continue to execute our strategy of investing in a broad range of asset classes, dynamic asset allocation, and pursuing innovative investment opportunities - all while maintaining a strong emphasis on governance and maximising members' returns.

Our corporate philanthropic program Dreams for a better world (DFBW), which aims to help grassroots charities and not-for-profit organisations make a real difference in the community also continued to strengthen. Since 2011, we have awarded grants to more than 75 not-for-profit and community organisations, including Orange Sky Laundry, whose founders, Nick and Lucas, went on to become the Young Australians of the Year, and last year's winners the Pyjama Foundation, run by the amazing Bronwyn Sheehan, whose "Pyjama Angels" provide children in foster care with help around their schoolwork and reading.

We also continue our sharp focus on building our people capability, recognising that in order for the company to continue to build on its competitive position in the industry, it is our people who make the difference. The launch of a new leadership program this year that is tailored for our most senior to emerging leaders has already made positive impact and will help strengthen the talent of our team well into the future.

I would like to take this opportunity to thank the Sunsuper team, my executive and the Board for all their support throughout an extremely busy, but highly productive year. We will continue our focus on maintaining our growth agenda which, with customers at its core, will help Sunsuper maintain its competitiveness on the national stage. As a profit-for-members fund, our customers' best interests remain at the heart of everything we do. From their very first day of work, right throughout their lives, our customers can be confident that our efforts are singularly focussed on helping them fulfil their retirement dreams. It's our passion.

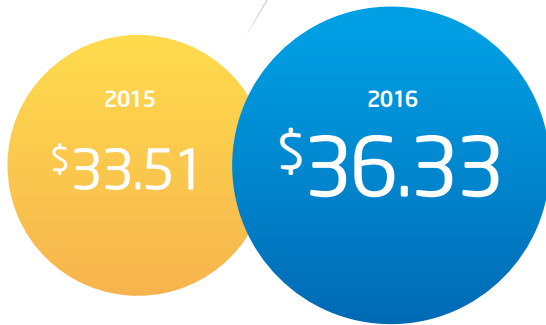
<sup>1</sup> Tria 2015-16 Super Funds Review



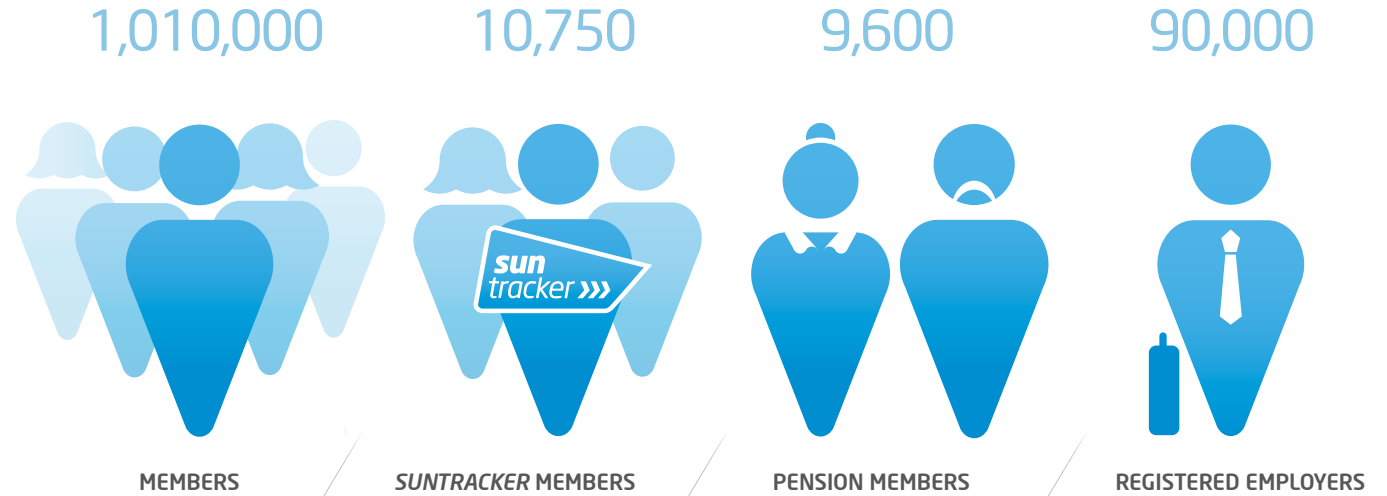
"From their very first day of work, right throughout their lives, our customers can be confident that our efforts are singularly focussed on helping them fulfil their retirement dreams. It's our passion."

# Key statistics

Fund Assets  
(\$BILLION)



Fund Statistics as at 30 June 2016



# Milestones for 2015-16

**dream**  
REWARDS

**OCTOBER 2015:**

Launched our member rewards program with access to a range of deals, including from our registered employers

*Dreams*  
FOR A BETTER WORLD

**FEBRUARY 2016:**

Announced The Pyjama Foundation as the overall winner for 2015

**dream**  
PROJECT

**MARCH 2016:**

Reached 1 million views of the education hub videos



**APRIL 2016:**

Launched industry leading insurance cover, TPD Assist.



**MAY 2016:**

Awarded 'Best Fund: Integrity' and 'Corporate Solutions Fund of the Year' by Chant West

*My2cents*

**JUNE 2016:**

Received over 27,000 survey responses during the year on how we can improve our services and products

# Investment options

We recognise that choosing the right investment option or options can make a big difference to your retirement income and that choosing the right investment option or options depends on your personal circumstances and your retirement goals.

We offer a wide range of diversified and single asset class investment options. For more details, refer to the panels on pages 6 to 26.

## Changes to investment options

During the year we made changes to the Buy-sell spread and estimated investment fees for the International Shares - Index (hedged) and International Shares - Index (unhedged) options. Refer to page 33 for more information.

We also made several changes to our investment options effective 1 July 2016.

These changes are reflected in the 1 July 2016 *Sunsuper for life Investment guide* available at [sunsuper.com.au/pds](http://sunsuper.com.au/pds)

Unless otherwise noted, investment option information in this Annual report is that applicable from 1 July 2016.

## Investment objectives and strategies

Sunsuper's overall investment objectives are to:

- maximise the real long-term investment returns (after investment tax and investment fees) subject to the expected risk profiles for each investment option,
- implement an investment manager configuration for each investment option which will in the long term outperform the benchmark return and peer groups,
- avoid exposing each investment option to inappropriate risk through diversification of investments and of managers, and
- maintain sufficient liquid assets so as to pay all benefit and expense obligations in full when due.

The investment objectives and asset allocation for each of the investment options are set out in the panels on pages 6 to 26.

## About Sunsuper's investment options

Sunsuper offers 21 investment options. There are six diversified options, 13 single asset class options, and two special options, for members who are looking for something a bit different.

The investment options we offer are designed to cater for a wide range of investor needs, and include:

- active and index options,
- single-manager and multi-manager options, and
- hedged and unhedged options.

Refer to page 32 for further information.

## Investment fees

Superannuation funds incur investment fees to cover the costs of investing and managing investments for their members. In line with our profit-for-members philosophy, Sunsuper does not profit from investment fees.

At Sunsuper we report the investment fees in two components; the base fee and the performance fee.

## Actual for 2015-16

The investment option panels on pages 6 to 26 show the actual investment fees for each investment option for 2015-16.

Some investment managers outperformed their performance targets, resulting in a performance fee. Sunsuper believes paying fees for performance to its investment managers encourages sustained investment performance and avoids rewarding investment managers for underperformance. If an investment manager who has the potential to earn a fee for performance, underperforms their performance target, the investment manager needs to overcome their underperformance in future periods before another fee for performance can be earned.

For more information, please refer to the *Sunsuper for life Investment guide*.

## Estimated for 2016-17

The investment option panels on pages 6 to 26 show the estimated investment fees for each investment option for 2016-17.

These are our best estimates based on recent experience and current long-term expectations for ongoing investment costs.

Performance fees are difficult to predict because the level of outperformance by the investment managers is difficult to predict. The actual performance cost may exceed our estimate if investment managers produce exceptional performance.

We monitor ongoing investment fees for each investment option and the investment fees deducted will not be more than the actual investment fees incurred. However, due to a number of factors including changes in the investment manager mix or investment manager fees, the actual investment fees may differ from our estimates. We will let you know the actual investment fees for the 2016-17 financial year at the end of the year.

## Changes to Buy-sell spreads

From 1 July 2016 the Buy-sell spreads for all investment options are nil. The Buy-sell spreads for each investment option may vary from time to time to reflect the spreads charged by the relevant managers. Refer to the Sunsuper for life investment guide for more information.

# Lifecycle Investment Strategy

	BALANCED POOL	RETIREMENT POOL	CASH POOL																																																																																																								
DESCRIPTION	<ul style="list-style-type: none"> <li>Invests in a wide variety of asset classes to gain the benefits of diversification.</li> <li>Combination of active, enhanced index and index investment management.</li> <li>Invests in over 40 investment managers for diversification.</li> <li>Large allocation to Australian and international shares for exposure to economic growth.</li> </ul>	<ul style="list-style-type: none"> <li>Invests in a wide variety of asset classes to gain the benefits of diversification.</li> <li>Combination of active, enhanced index and index investment management.</li> <li>Invests in over 40 investment managers for diversification.</li> <li>Employs option strategies from time to time to reduce the impact of share market falls.</li> </ul>	<ul style="list-style-type: none"> <li>A portfolio of cash and cash equivalent investments.</li> <li>Active investment management.</li> </ul>																																																																																																								
<b>Minimum suggested timeframe: 5 years.</b>																																																																																																											
OBJECTIVES	<ul style="list-style-type: none"> <li>Beat inflation by 4% p.a. over 10-year periods (after investment fees and costs and investment taxes).</li> </ul>	<ul style="list-style-type: none"> <li>Beat inflation by 3.5% p.a. over 10-year periods (after investment fees and costs and investment taxes).</li> </ul>	<ul style="list-style-type: none"> <li>Match or exceed the Bloomberg AusBond Bank Bill Index (before investment tax but after investment fees and costs).</li> </ul>																																																																																																								
RISKS <sup>1</sup>	<ul style="list-style-type: none"> <li>Medium to high levels of volatility in the returns from year to year.</li> </ul> <p><b>Standard Risk Measure</b></p> <ul style="list-style-type: none"> <li>Expected number of years of negative returns over any 20-year period: 3 to less than 4.</li> <li><b>Risk label:</b> Medium to high.</li> <li><b>Risk Band:</b> 5.</li> </ul>	<ul style="list-style-type: none"> <li>Medium levels of volatility in the returns from year to year.</li> </ul> <p><b>Standard Risk Measure</b></p> <ul style="list-style-type: none"> <li>Expected number of years of negative returns over any 20-year period: 2 to less than 3.</li> <li><b>Risk label:</b> Medium.</li> <li><b>Risk Band:</b> 4.</li> </ul>	<ul style="list-style-type: none"> <li>Very low levels of volatility in the returns from year to year.</li> </ul> <p><b>Standard Risk Measure</b></p> <ul style="list-style-type: none"> <li>Expected number of years of negative returns over any 20-year period: less than 0.5.</li> <li><b>Risk label:</b> Very low.</li> <li><b>Risk Band:</b> 1.</li> </ul>																																																																																																								
ASSET ALLOCATION IN POOL	<table border="1"> <thead> <tr> <th></th> <th>ACTUAL % AS AT 30/06/15</th> <th>ACTUAL % AS AT 30/06/16</th> <th>STRATEGIC % AS AT 01/07/16</th> <th>ALLOWABLE RANGE % AS AT 01/07/16</th> </tr> </thead> <tbody> <tr><td>Australian shares</td><td>25.0</td><td>22.8</td><td>23</td><td>0-50</td></tr> <tr><td>International shares</td><td>31.1</td><td>28.8</td><td>29</td><td>0-70</td></tr> <tr><td>Private capital</td><td>6.0</td><td>6.0</td><td>6</td><td>0-15</td></tr> <tr><td>Property</td><td>10.0</td><td>10.0</td><td>10</td><td>0-30</td></tr> <tr><td>Diversified strategies</td><td>0.0</td><td>5.0</td><td>5</td><td>0-15</td></tr> <tr><td>Infrastructure</td><td>7.0</td><td>7.0</td><td>7</td><td>0-20</td></tr> <tr><td>Fixed interest</td><td>10.3</td><td>9.9</td><td>10</td><td>0-30</td></tr> <tr><td>Hedge funds</td><td>6.5</td><td>6.0</td><td>6</td><td>0-25</td></tr> <tr><td>Cash</td><td>4.1</td><td>4.5</td><td>4</td><td>0-25</td></tr> </tbody> </table>		ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16	Australian shares	25.0	22.8	23	0-50	International shares	31.1	28.8	29	0-70	Private capital	6.0	6.0	6	0-15	Property	10.0	10.0	10	0-30	Diversified strategies	0.0	5.0	5	0-15	Infrastructure	7.0	7.0	7	0-20	Fixed interest	10.3	9.9	10	0-30	Hedge funds	6.5	6.0	6	0-25	Cash	4.1	4.5	4	0-25	<table border="1"> <thead> <tr> <th></th> <th>ACTUAL % AS AT 30/06/15</th> <th>ACTUAL % AS AT 30/06/16</th> <th>STRATEGIC % AS AT 01/07/16</th> <th>ALLOWABLE RANGE % AS AT 01/07/16</th> </tr> </thead> <tbody> <tr><td>Australian shares</td><td>22.4</td><td>20.2</td><td>20</td><td>0-50</td></tr> <tr><td>International shares</td><td>20.5</td><td>19.2</td><td>19</td><td>0-55</td></tr> <tr><td>Private capital</td><td>4.4</td><td>4.0</td><td>4</td><td>0-15</td></tr> <tr><td>Property</td><td>9.0</td><td>9.0</td><td>9</td><td>0-30</td></tr> <tr><td>Diversified strategies</td><td>0.0</td><td>5.0</td><td>5</td><td>0-15</td></tr> <tr><td>Infrastructure</td><td>5.3</td><td>6.0</td><td>6</td><td>0-20</td></tr> <tr><td>Fixed interest</td><td>26.4</td><td>24.7</td><td>25</td><td>0-50</td></tr> <tr><td>Hedge funds</td><td>6.4</td><td>6.0</td><td>6</td><td>0-15</td></tr> <tr><td>Cash</td><td>5.6</td><td>5.9</td><td>6</td><td>0-25</td></tr> </tbody> </table>		ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16	Australian shares	22.4	20.2	20	0-50	International shares	20.5	19.2	19	0-55	Private capital	4.4	4.0	4	0-15	Property	9.0	9.0	9	0-30	Diversified strategies	0.0	5.0	5	0-15	Infrastructure	5.3	6.0	6	0-20	Fixed interest	26.4	24.7	25	0-50	Hedge funds	6.4	6.0	6	0-15	Cash	5.6	5.9	6	0-25	<table border="1"> <thead> <tr> <th></th> <th>STRATEGIC % AS AT 01/07/16</th> </tr> </thead> <tbody> <tr><td>Cash</td><td>100%</td></tr> </tbody> </table>		STRATEGIC % AS AT 01/07/16	Cash	100%
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FEES <sup>4</sup>	<p><b>Buy-sell spread from 1 July 2016: Nil</b></p> <table border="1"> <thead> <tr> <th>Actual investment fees for 2015-16</th> <th>Estimated investment fees for 2016-17</th> </tr> </thead> <tbody> <tr> <td> <ul style="list-style-type: none"> <li><b>Base:</b> 0.44% p.a.</li> <li><b>Performance:</b> 0.18% p.a.</li> </ul> </td> <td> <ul style="list-style-type: none"> <li><b>Base:</b> 0.39% p.a.</li> <li><b>Performance:</b> 0.09% p.a.</li> </ul> </td> </tr> </tbody> </table>			Actual investment fees for 2015-16	Estimated investment fees for 2016-17	<ul style="list-style-type: none"> <li><b>Base:</b> 0.44% p.a.</li> <li><b>Performance:</b> 0.18% p.a.</li> </ul>	<ul style="list-style-type: none"> <li><b>Base:</b> 0.39% p.a.</li> <li><b>Performance:</b> 0.09% p.a.</li> </ul>																																																																																																				
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1. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

2. The Balanced, Retirement and Cash Pools commenced on 4 October 2013. The three Pools have identical investments to the respective investment options being, the Balanced, Retirement and Cash options. To show our performance for each Pool we have shown the returns of the respective investment options (adjusted to reflect fee differences where applicable) up to 4 October 2013 with returns of each Pool from 4 October 2013.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and investment taxes but before administration fees.

4. It is important to read the information on page 5.



# GROWTH

## Growth

### DESCRIPTION

This investment option is designed for members who want to generate wealth over the long term, but with less risk than an option invested solely in shares.

#### Minimum suggested timeframe:

- 7 years.
- Designed for long-term wealth accumulation, so you need patience.

#### Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Combination of active, enhanced index and index investment management.
- Invests in over 40 investment managers for diversification.
- Primarily invests in Australian and international shares and a range of unlisted growth assets for exposure to economic growth.

### OBJECTIVES

- **Beat inflation over 10 years:** *Super-savings account* by 5% p.a. and *Income account* by 5.5% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

### RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.

#### Standard Risk Measure

- **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
- **Risk Label:** High.
- **Risk Band:** 6.

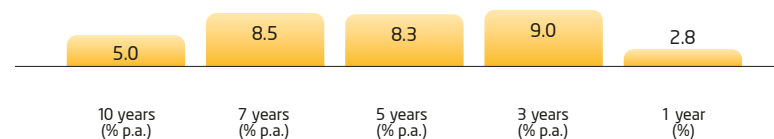
### ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	30.0	27.9	28	0-50
International shares	37.1	35.2	35	0-70
Private capital	10.0	10.0	10	0-20
Property	7.0	7.0	7	0-30
Diversified strategies	0.0	5.0	5	0-15
Infrastructure	7.0	7.0	7	0-20
Fixed interest	1.0	0.0	0	0-20
Hedge funds	7.0	7.0	7	0-20
Cash	0.9	0.9	1	0-20

### INVESTMENT RETURNS<sup>3</sup>

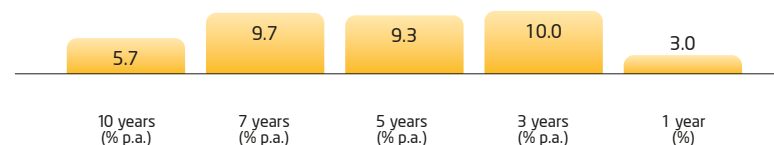
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.44% p.a.
- **Performance:** 0.18% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.39% p.a.
- **Performance:** 0.09% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# BALANCED

## Balanced

DESCRIPTION

This investment option is designed for members who want to generate wealth over the long term, while being sensitive to the relative performance of other large Australian superannuation funds.

**Minimum suggested timeframe:**

- 5 years.
- Designed for long-term wealth accumulation so you need patience.

**Features**

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Combination of active, enhanced index and index investment management.
- Invests in over 40 investment managers for diversification.
- Large allocation to Australian and international shares for exposure to economic growth.

OBJECTIVES

- **Beat inflation over 10 years:** *Super-savings account* by 4% p.a. and *Income account* by 4.5% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

RISKS<sup>2</sup>

- Medium to high levels of volatility in the returns from year to year.
- Standard Risk Measure**
- **Expected number of years of negative returns over any 20-year period:** 3 to less than 4.
- **Risk Label:** Medium to high.
- **Risk Band:** 5.

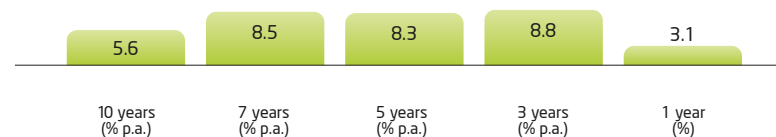
ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	25.0	22.8	23	0-50
International shares	31.1	28.8	29	0-70
Private capital	6.0	6.0	6	0-15
Property	10.0	10.0	10	0-30
Diversified strategies	0.0	5.0	5	0-15
Infrastructure	7.0	7.0	7	0-20
Fixed interest	10.3	9.9	10	0-30
Hedge funds	6.5	6.0	6	0-25
Cash	4.1	4.5	4	0-25

### INVESTMENT RETURNS<sup>3</sup>

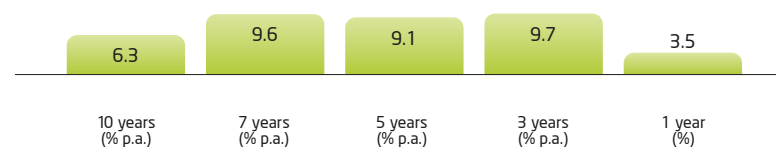
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.44% p.a.
- **Performance:** 0.18% p.a.

**Estimated investment fees for 2016-17**

- **Base:** 0.39% p.a.
- **Performance:** 0.09% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# RETIREMENT

## Retirement

### DESCRIPTION

This investment option is designed for members who are close to, or have reached retirement. It is structured to generate wealth over the medium to long term, while providing some reduction to the fluctuation of returns in the short-term.

#### Minimum suggested timeframe:

- 5 years.
- Designed for some medium-term wealth accumulation.

#### Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Combination of active, enhanced index and index investment management.
- Invests in over 40 investment managers for diversification.
- Employs option strategies from time to time to reduce the impact of share market falls.

### OBJECTIVES

- **Beat inflation over 10 years:** *Super-savings account* by 3.5% p.a. and *Income account* by 4% p.a. (after investment fees and costs and where applicable investment taxes).<sup>1</sup>

### RISKS<sup>2</sup>

- Medium levels of volatility in the returns from year to year.
- **Standard Risk Measure**
- **Expected number of years of negative returns over any 20-year period:** 2 to less than 3.
- **Risk Label:** Medium.
- **Risk Band:** 4.

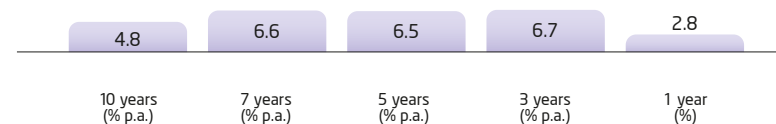
### ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	22.4	20.2	20	0-50
International shares	20.5	19.2	19	0-55
Private capital	4.4	4.0	4	0-15
Property	9.0	9.0	9	0-30
Diversified strategies	0.0	5.0	5	0-15
Infrastructure	5.3	6.0	6	0-20
Fixed interest	26.4	24.7	25	0-50
Hedge funds	6.4	6.0	6	0-15
Cash	5.6	5.9	6	0-25

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.42% p.a.
- **Performance:** 0.15% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.38% p.a.
- **Performance:** 0.09% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

## CONSERVATIVE

# Conservative

### DESCRIPTION

This investment option is designed for members who seek less volatile returns for their super while maintaining some growth exposure. Using your money in the short term is likely to be your main purpose.

#### Minimum suggested timeframe

- 3 years.
- Designed for short-term wealth maintenance rather than long-term wealth accumulation.

#### Features

- Invests in a wide variety of asset classes to gain the benefits of diversification.
- Combination of active, enhanced index and index investment management.
- Invests in over 40 investment managers for diversification.
- Mainly invests in fixed interest and cash to reduce the volatility of returns.

### OBJECTIVES

- Returns (after investment fees and costs and where applicable investment taxes)<sup>1</sup> of 1% p.a. above the Bloomberg AusBond Bank Bill Index after investment tax (where applicable) over periods of 2 to 5 years.

### RISKS<sup>2</sup>

- Low to medium levels of volatility in the returns from year to year.

#### Standard Risk Measure

- **Expected number of years of negative returns over any 20-year period:** 1 to less than 2.
- **Risk Label:** Low to medium.
- **Risk Band:** 3.

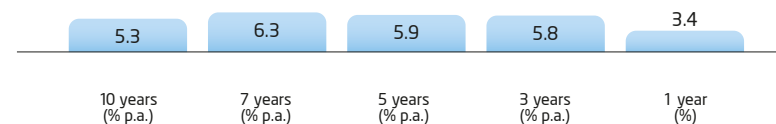
### ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	12.3	9.2	9	0-30
International shares	12.0	11.6	11	0-30
Private capital	0.0	0.0	0	0-5
Property	8.0	8.0	8	0-20
Diversified strategies	0.0	5.0	5	0-15
Infrastructure	4.2	5.0	5	0-20
Fixed interest	43.5	41.5	42	0-70
Hedge funds	8.3	7.0	7	0-15
Cash	11.7	12.7	13	0-100

### INVESTMENT RETURNS<sup>3</sup>

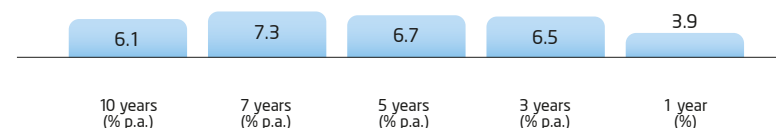
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.41% p.a.
- **Performance:** 0.13% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.38% p.a.
- **Performance:** 0.09% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# BALANCED

## Balanced-Index

### DESCRIPTION

Investment in a mixture of assets, with an emphasis on Australian and international shares.

#### Designed for members who:

- Are seeking to accumulate wealth over the long term and who want exposure to a range of publicly traded assets invested in line with standard market indices.
- **Style:** Single-manager, index.
- **Currency:** Combination of hedged and unhedged.

#### Minimum suggested timeframe:

- 5 years.

### OBJECTIVES

- Closely match the return of the performance benchmark, before investment tax,<sup>1</sup> and investment fees and costs.
- **Performance benchmark:** The strategic weighted return of the market indices for each asset class.

### RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.
- Standard Risk Measure:**
- **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
  - **Risk Label:** High.
  - **Risk Band:** 6.

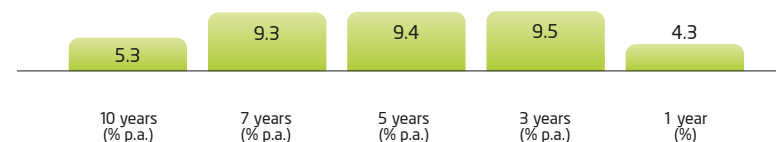
### ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	35.2	35.3	31	29-37
International shares	24.8	24.9	31	21-37
Property	10.0	9.9	8	4-14
Fixed interest	25.0	25.1	30	21-36
Cash	5.0	4.8	0	0-7

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016

Since commencement: 9.7% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.16% p.a.
- **Performance:** n/a

#### Estimated investment fees for 2016-17

- **Base:** 0.17% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.



# SHARES

## Shares

**DESCRIPTION**

Investment in a mixture of Australian and international shares.

**Designed for members who:**

- Are seeking to accumulate wealth over the long term and who can accept full exposure to the ups and downs of share markets.
- **Style:** Multi-manager, combination of active, enhanced index and index.
- **Currency:** Combination of hedged and unhedged.

**Minimum suggested timeframe:**

- 7 years.

**OBJECTIVES**

- **Beat inflation over 10 years:** *Super-savings account* by 5% p.a. (after investment fees and costs and investment taxes) and *Income account* by 5.5% p.a. (after investment fees and costs).<sup>1</sup>

**RISKS<sup>2</sup>**

- High levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
- **Risk Label:** High.
- **Risk Band:** 6.

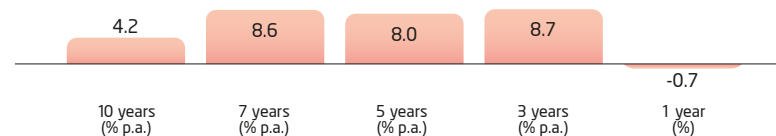
**ASSET ALLOCATION**

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	50.5	44.1	45	25-75
International shares	49.5	55.9	55	10-90
Fixed interest	0.0	0.0	0	0-30
Cash	0.0	0.0	0	0-20

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

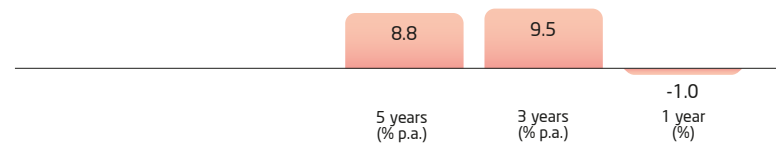
to 30 June 2016



#### Income accounts

to 30 June 2016

Since commencement: 9.3% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.28% p.a.
- **Performance:** 0.06% p.a.

**Estimated investment fees for 2016-17**

- **Base:** 0.27% p.a.
- **Performance:** 0.03% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## Australian Shares

### DESCRIPTION

Investment in Australian shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the Australian shares asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.

- **Style:** Multi-manager, combination of active and enhanced index.

**Minimum suggested timeframe:**

- 7 years.

### OBJECTIVES

- Beat the performance benchmark by 0.5-1% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.

- **Performance benchmark:** S&P/ASX 300 Accumulation Index.

### RISKS<sup>2</sup>

- Very high levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 6 or greater.
- **Risk Label:** Very high.
- **Risk Band:** 7.

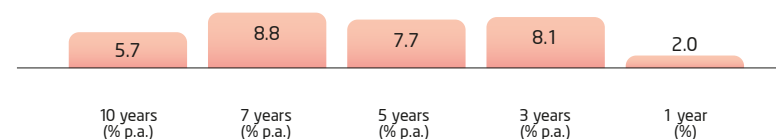
### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
Australian shares	100

### INVESTMENT RETURNS<sup>3</sup>

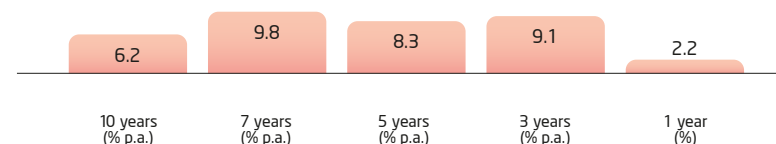
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.22% p.a.
- **Performance:** 0.10% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.25% p.a.
- **Performance:** 0.04% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## Australian Shares – Index

### DESCRIPTION

Investment in Australian shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the Australian shares asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.

- **Style:** Single-manager, index.

**Minimum suggested timeframe:**

- 7 years.

### OBJECTIVES

- Closely match the return of the performance benchmark, before investment tax,<sup>1</sup> and investment fees and costs.
- **Performance benchmark:** S&P/ASX 300 Accumulation Index.

### RISKS<sup>2</sup>

- Very high levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 6 or greater.
- **Risk Label:** Very high.
- **Risk Band:** 7.

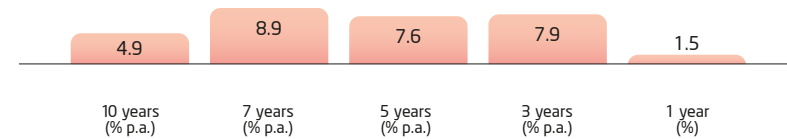
### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
Australian shares	100

### INVESTMENT RETURNS<sup>3</sup>

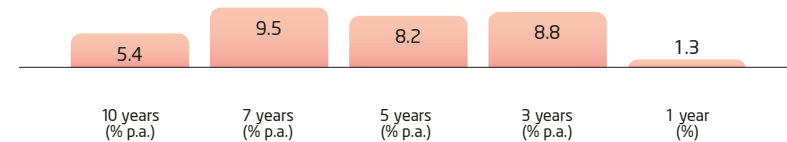
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.15% p.a.
- **Performance:** n/a

#### Estimated investment fees for 2016-17

- **Base:** 0.08% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## International Shares (hedged)

### DESCRIPTION

Investment in international shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the international shares asset class with most currency exposure being hedged back to the Australian dollar and active management aiming to achieve better long-term returns than available in the standard market index for this sector.
- **Style:** Multi-manager, combination of active and enhanced index.
- **Currency:** Combination of hedged and unhedged.
- It may not be possible for this product to be 100% currency hedged at all times. Up to 25% of the overseas currency exposure may be unhedged at any point in time.

**Minimum suggested timeframe:**

- 7 years.

### OBJECTIVES

- Beat the performance benchmark by 0.5-1% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.
- **Performance benchmark:** MSCI World Ex-Australia Investable Market Index (IMI) in \$A (hedged).

### RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
- **Risk Label:** High.
- **Risk Band:** 6.

### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
International shares	100

### INVESTMENT RETURNS<sup>3</sup>

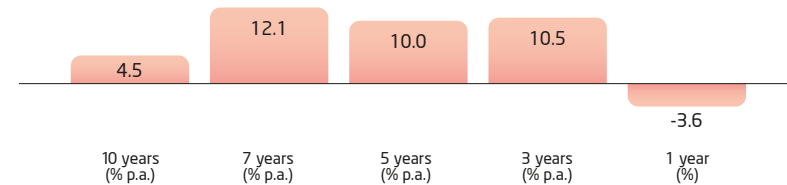
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.30% p.a.
- **Performance:** 0.03% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.44% p.a.
- **Performance:** 0.04% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## International Shares (unhedged)

### DESCRIPTION

Investment in international shares.

#### Designed for members who:

- Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and active management aiming to achieve better long-term returns than available in the standard market index for this sector.
- **Style:** Multi-manager, combination of active and enhanced index.
- **Currency:** Unhedged.
- **Minimum suggested timeframe:**
  - 7 years.

### OBJECTIVES

- Beat the performance benchmark by 0.5–1% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.
- **Performance benchmark:** MSCI World Ex-Australia Investable Market Index (IMI) in \$A (unhedged).

### RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.
- **Standard Risk Measure:**
  - **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
  - **Risk Label:** High.
  - **Risk Band:** 6.

### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
International shares	100

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016

Since commencement: 8.9% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.32% p.a.
- **Performance:** 0.03% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.44% p.a.
- **Performance:** 0.04% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.



# SHARES

## International Shares – Index (hedged)

### DESCRIPTION

Investment in international shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the international shares asset class with currency exposure being hedged back to the Australian dollar and passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.
- **Style:** Single-manager, index.
- **Currency:** Hedged.
- **Minimum suggested timeframe:**
  - 7 years.

### OBJECTIVES

- **Investment objective:** Closely match the performance benchmark, before investment tax<sup>1</sup> and investment fees and costs.
- **Performance benchmark:** MSCI World Ex-Australia Investable Market Index (IMI) in \$A (hedged).

### RISKS<sup>2</sup>

- Very high levels of volatility in the returns from year to year.
- **Standard Risk Measure:**
  - **Expected number of years of negative returns over any 20-year period:** 6 or greater.
  - **Risk Label:** Very high.
  - **Risk Band:** 7.

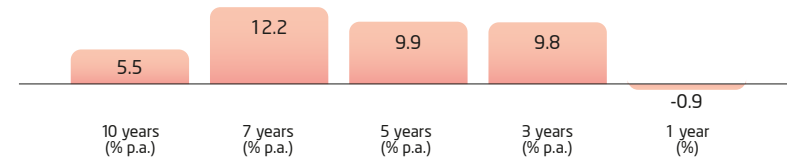
### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
International shares	100

### INVESTMENT RETURNS<sup>3</sup>

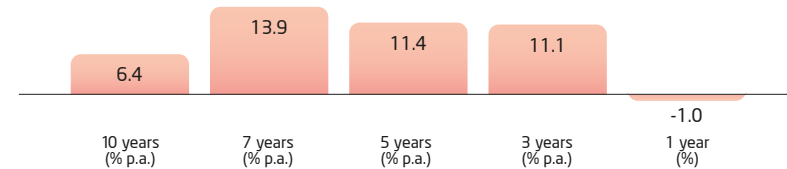
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.14% p.a.
- **Performance:** n/a

#### Estimated investment fees for 2016-17

- **Base:** 0.09% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## International Shares – Index (unhedged)

DESCRIPTION

Investment in international shares.

**Designed for members who:**

- Are seeking to earn returns from investment in the international shares asset class with currency exposure unhedged and passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.
- **Style:** Single-manager, index.
- **Currency:** Unhedged.
- Minimum suggested timeframe:**
  - 7 years.

OBJECTIVES

- **Investment objective:** Closely match the performance benchmark, before investment tax<sup>1</sup> and investment fees and costs.
- **Performance benchmark:** MSCI World Ex-Australia Investable Market Index (IMI) in \$A (unhedged).

RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.
- Standard Risk Measure:**
  - **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
  - **Risk Label:** High.
  - **Risk Band:** 6.

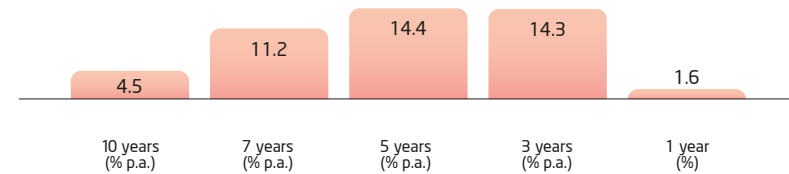
ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
International shares	100

INVESTMENT RETURNS<sup>3</sup>

### Super-savings accounts

to 30 June 2016



### Income accounts

to 30 June 2016

Since commencement: 13.2% p.a. (1 July 2010)



FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.14% p.a.
- **Performance:** n/a

**Estimated investment fees for 2016-17**

- **Base:** 0.09% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# SHARES

## Emerging Markets Shares

### DESCRIPTION

Investment in international shares focusing on emerging markets.

#### Designed for members who:

- Are seeking to earn returns from investment in the emerging markets shares asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.
- **Style:** Multi-manager, combination of active and enhanced index.
- **Currency:** In normal circumstances the option is unhedged to Australian dollars. Currency exposures are individually managed by the underlying managers.

#### Minimum suggested timeframe:

- 7 years.

### OBJECTIVES

- Beat the performance benchmark by 0.5-1% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.
- **Performance benchmark:** MSCI Emerging Markets Investable Markets Index (IMI) in \$A (unhedged).

### RISKS<sup>2</sup>

- Very high levels of volatility in the returns from year to year.

#### Standard Risk Measure:

- **Expected number of years of negative returns over any 20-year period:** 6 or greater.
- **Risk Label:** Very high.
- **Risk Band:** 7.

### ASSET ALLOCATION

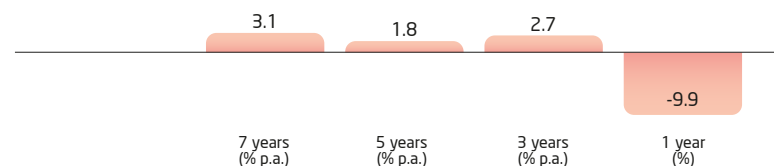
	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
International shares emerging	100	100	100	70-100
International shares developed	0	0	0	0-30

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016

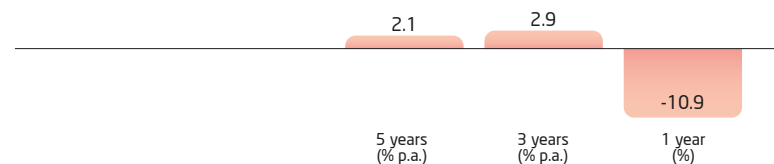
Since commencement: 0.6% p.a. (1 July 2007)



#### Income accounts

to 30 June 2016

Since commencement: 1.7% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.40% p.a.
- **Performance:** 0.00% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.54% p.a.
- **Performance:** 0.04% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# PROPERTY

## Property

### DESCRIPTION

Investment in Australian and international property.

**Designed for members who:**

- Are seeking to earn returns from investment in the property asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.
- **Style:** Multi-manager, combination of active and index.
- **Currency:** Hedged.
- **Minimum suggested timeframe:**
  - 7 years.

### OBJECTIVES

- Beat the performance benchmark before investment tax<sup>1</sup> but after investment fees and costs over rolling 5-year periods.
- **Performance benchmark:** 70% FTSE EPRA/NAREIT Global REIT A\$ (hedged), plus 30% Mercer/IPD Australia Core Wholesale Property Fund Index.

### RISKS<sup>2</sup>

- High levels of volatility in the returns from year to year.
- **Standard Risk Measure:**
  - **Expected number of years of negative returns over any 20-year period:** 4 to less than 6.
  - **Risk Label:** High.
  - **Risk Band:** 6.

### ASSET ALLOCATION

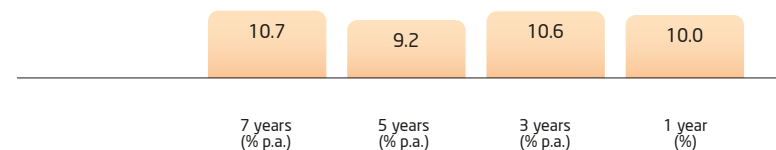
	STRATEGIC % AS AT 01/07/16
Property	100

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016

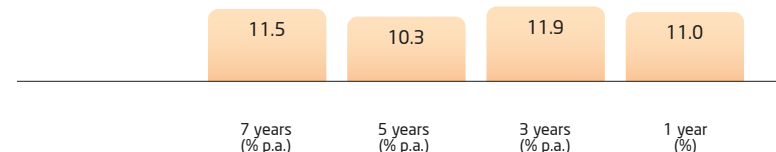
Since commencement: 3.1% p.a. (1 July 2007)



#### Income accounts

to 30 June 2016

Since commencement: 3.9% p.a. (9 Aug 2007)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.88% p.a.
- **Performance:** 0.00% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.84% p.a.
- **Performance:** 0.04% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# PROPERTY

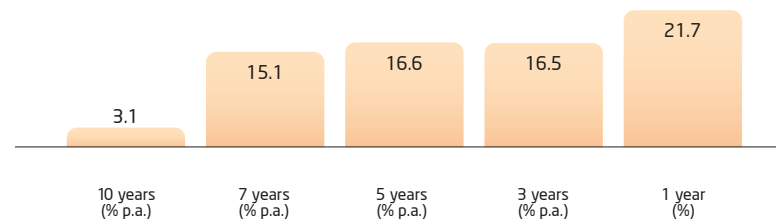
## Australian Property – Index

DESCRIPTION	Investment in Australian listed property. <b>Designed for members who:</b>			
	<ul style="list-style-type: none"> <li>• Are seeking to earn returns from investment in the Australian property asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.</li> <li>• <b>Style:</b> Single-manager, index.</li> </ul>			
OBJECTIVES	<b>Minimum suggested timeframe:</b>			
	<ul style="list-style-type: none"> <li>• 7 years.</li> <li>• Closely match the return of the performance benchmark, before investment tax,<sup>1</sup> and investment fees and costs.</li> <li>• <b>Performance benchmark:</b> S&amp;P/ASX 300 A-REIT Accumulation Index.</li> </ul>			
RISKS <sup>2</sup>	<ul style="list-style-type: none"> <li>• Very high levels of volatility in the returns from year to year.</li> </ul>			
	<b>Standard Risk Measure:</b> <ul style="list-style-type: none"> <li>• <b>Expected number of years of negative returns over any 20-year period:</b> 6 or greater.</li> <li>• <b>Risk Label:</b> Very high.</li> <li>• <b>Risk Band:</b> 7.</li> </ul>			
ASSET ALLOCATION				
	<table border="1"> <thead> <tr> <th></th> <th>STRATEGIC % AS AT 01/07/16</th> </tr> </thead> <tbody> <tr> <td>Property</td> <td>100</td> </tr> </tbody> </table>		STRATEGIC % AS AT 01/07/16	Property
	STRATEGIC % AS AT 01/07/16			
Property	100			

### INVESTMENT RETURNS<sup>3</sup>

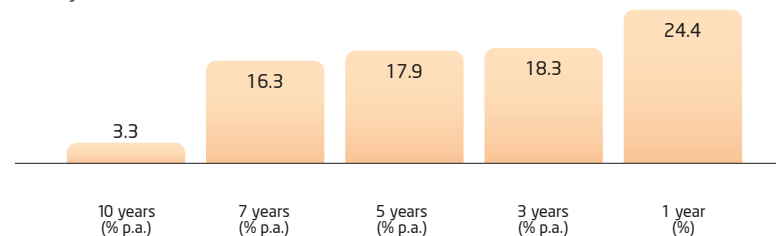
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.15% p.a.
- **Performance:** n/a

**Estimated investment fees for 2016-17**

- **Base:** 0.11% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.



# FIXED INTEREST AND CASH

## Fixed Interest

**DESCRIPTION**

Investment in fixed interest.

**Designed for members who:**

- Are seeking to earn returns from investment in the fixed interest asset class with active management aiming to achieve better long-term returns than available in the standard market index for this sector.
- **Style:** Multi-manager, active.
- **Currency:** Hedged.

**Minimum suggested timeframe:**

- 3 years.

**OBJECTIVES**

- Beat the performance benchmark by 0.5-1.0% p.a. before investment tax<sup>1</sup> but after investment fees and costs over rolling 3-year periods.
- **Performance benchmark:** Citigroup World Broad Investment Grade Index in \$A (hedged).

**RISKS<sup>2</sup>**

- Medium levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 2 to less than 3.
- **Risk Label:** Medium.
- **Risk Band:** 4.

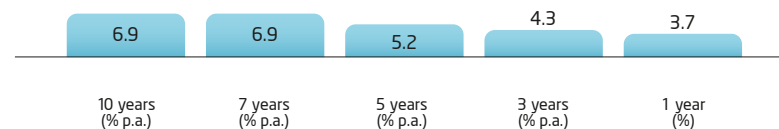
**ASSET ALLOCATION**

	STRATEGIC % AS AT 01/07/16
Fixed interest	100

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

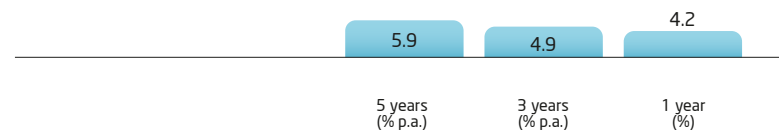
to 30 June 2016



#### Income accounts

to 30 June 2016

Since commencement: 6.5% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.29% p.a.
- **Performance:** 0.00% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.30% p.a.
- **Performance:** 0.03% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# FIXED INTEREST AND CASH

## Fixed Interest – Index

**DESCRIPTION**

Investment in fixed interest.

**Designed for members who:**

- Are seeking to earn returns from investment in the fixed interest asset class with passive management aiming to achieve long-term returns that are close to the returns of the standard market index for this sector.
- **Style:** Single-manager, index.
- **Currency:** Hedged.

**Minimum suggested timeframe:**

- 3 years.

**OBJECTIVES**

- Closely match the return of the performance benchmark, before investment tax,<sup>1</sup> and investment fees and costs.
- **Performance benchmark:** 50% Bloomberg AusBond Composite 0+ Yr Index; 50% Barclays Global Aggregate Index (hedged).

**RISKS<sup>2</sup>**

- Medium levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** 2 to less than 3.
- **Risk Label:** Medium.
- **Risk Band:** 4.

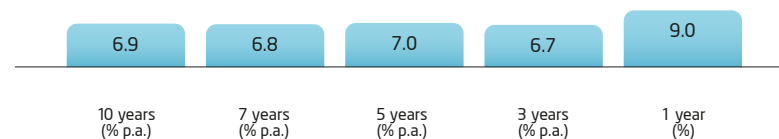
**ASSET ALLOCATION**

	STRATEGIC % AS AT 01/07/16
Fixed interest	100

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.15% p.a.
- **Performance:** n/a

**Estimated investment fees for 2016-17**

- **Base:** 0.12% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

# FIXED INTEREST AND CASH

## Cash

**DESCRIPTION**

Investment in cash.

**Designed for members who:**

- Are seeking to accumulate a lump sum or derive income over time by earning returns that are close to the level of short-term interest rates in the Australian economy.
- **Style:** Multi-manager, active.

**Minimum suggested timeframe:**

- 1 year.

**OBJECTIVES**

- Match or exceed the returns of the performance benchmark, before investment tax<sup>1</sup> but after investment fees and costs.
- **Performance benchmark:** Bloomberg AusBond Bank Bill Index.

**RISKS<sup>2</sup>**

- Very low levels of volatility in the returns from year to year.

**Standard Risk Measure:**

- **Expected number of years of negative returns over any 20-year period:** Less than 0.5.
- **Risk Label:** Very low.
- **Risk Band:** 1.

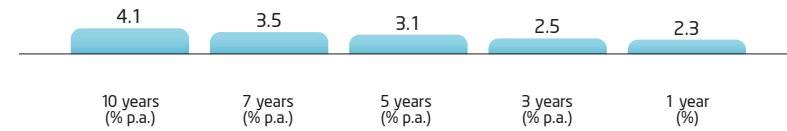
**ASSET ALLOCATION**

	STRATEGIC % AS AT 01/07/16
Cash	100

### INVESTMENT RETURNS<sup>3</sup>

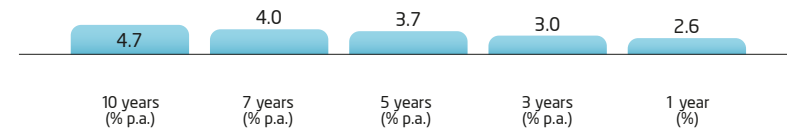
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

**Actual investment fees for 2015-16**

- **Base:** 0.09% p.a.
- **Performance:** n/a

**Estimated investment fees for 2016-17**

- **Base:** 0.07% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

## SPECIAL OPTIONS

# Ethical, Environmental and Socially Responsible Investments

### DESCRIPTION

Investment in a portfolio diversified across all asset types, but with an emphasis on shares and property.

#### Designed for members who:

- Are seeking to accumulate wealth over the long term and who want to ensure that their investments are made in line with an extended set of environmental, social and governance principles.
- **Style:** Responsible investment multi-manager, combination of active and index.

• **Currency:** In normal circumstances, international fixed interest and international property assets are hedged to Australian dollars, while international shares and other international assets may be hedged to Australian dollars.

#### Sunsuper SRI certification:

Sunsuper's only certified SRI option is offered through Ethical, Environmental and Socially Responsible Investments.

#### Minimum suggested timeframe:

- 5 years.

### OBJECTIVES

- To provide a total return, after investment fees and costs and before investment tax (where applicable),<sup>1</sup> higher than the return from the performance benchmark on a rolling 5-year basis.
- **Performance benchmark:** The average weighted return of the market indices used to measure the performance of the underlying funds in which the option invests.

### RISKS<sup>2</sup>

- Medium to high levels of volatility in the returns from year to year.
- Standard Risk Measure:**
- **Expected number of years of negative returns over any 20-year period:** 3 to less than 4.
  - **Risk Label:** Medium to high.
  - **Risk Band:** 5.

### ASSET ALLOCATION

	ACTUAL % AS AT 30/06/15	ACTUAL % AS AT 30/06/16	STRATEGIC % AS AT 01/07/16	ALLOWABLE RANGE % AS AT 01/07/16
Australian shares	27.9	26.7	30	20-40
International shares	30.5	30.1	27	15-42
Property	8.7	9.4	9	0-20
Infrastructure (from 01/07/16)*	n/a	n/a	3	0-7
Fixed interest	17.7	18.6	25	0-45
Cash	12.8	11.1	5	0-15
Alternatives**	2.4	4.1	1	0-6

\* Previously included under 'Alternatives'

\*\*May include Infrastructure, forestry and private equity

### INVESTMENT RETURNS<sup>3</sup>

#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016

Since commencement: 8.6% p.a. (1 July 2010)



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.66% p.a.
- **Performance:** 0.00% p.a.

#### Estimated investment fees for 2016-17

- **Base:** 0.66% p.a.
- **Performance:** 0.02% p.a.

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.

## SPECIAL OPTIONS

# Capital Guaranteed

### DESCRIPTION

Investment in a mixture of cash deposits with Authorised Deposit-taking Institutions (ADIs) and investments in capital guaranteed superannuation products.

#### Designed for members who:

- Are seeking to accumulate a lump sum or derive income over time with the benefit of guarantees from banks and insurance companies that the value of their investment will not decline.
- **Additional Info:** Where investments are made into capital guaranteed superannuation products issued by life insurance companies or banks, the capital guarantee is provided by the issuing life company or bank. Sunsuper itself does not guarantee the security of capital.

The Capital Guaranteed option is quite different from other investment options. While the capital value is guaranteed by the issuing life insurance companies or banks not to fall, the trade-off with this guarantee is that your longer-term returns may be lower than some less conservative options. This may limit the chances of achieving your financial goals. You should consider seeking financial advice on alternative investment arrangements before investing in this option. In some unfavourable market conditions, we reserve the right to restrict investment option changes and benefit payments from the Capital Guaranteed option.

- **Style:** Multi-manager, active.

#### Minimum suggested timeframe:

- 5 years.

### OBJECTIVES

- This option is designed to provide full security of capital, and modest returns over the medium to long term.
- Beat the performance benchmark before investment tax<sup>1</sup> but after investment fees and costs over rolling 3 year period.
- **Performance benchmark:** Bloomberg AusBond Bank Bill Index after investment tax (where applicable).<sup>1</sup>

### RISKS<sup>2</sup>

- Very low levels of volatility in the returns from year to year.
- Standard Risk Measure:**
- **Expected number of years of negative returns over any 20-year period:** Less than 0.5.
  - **Risk Label:** Very low.
  - **Risk Band:** 1.

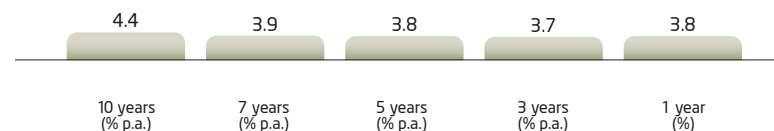
### ASSET ALLOCATION

	STRATEGIC % AS AT 01/07/16
Deposits with ADIs and Capital Guaranteed Investments	100

### INVESTMENT RETURNS<sup>3</sup>

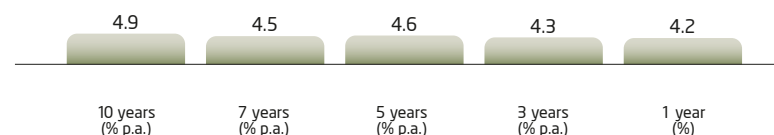
#### Super-savings accounts

to 30 June 2016



#### Income accounts

to 30 June 2016



### FEES<sup>4</sup>

Buy-sell spread from 1 July 2016: Nil

#### Actual investment fees for 2015-16

- **Base:** 0.37% p.a.
- **Performance:** n/a

#### Estimated investment fees for 2016-17

- **Base:** 0.37% p.a.
- **Performance:** n/a

1. No investment tax generally applies for *Income accounts*.

2. Refer to the *Sunsuper for life Investment guide* and [sunsuper.com.au/standardriskmeasure](http://sunsuper.com.au/standardriskmeasure) for more information.

3. **Past performance is not a reliable indication of future performance.** Returns are for the periods ended 30 June 2016. Returns are after investment fees and taxes (where applicable) but before administration fees.

4. It is important to read the information on page 5.



# Investment managers (as at 30 June 2016)

## Customised Investment Management Agreements:

Manager	Asset classes	\$mil
Allegro Funds Pty Ltd	Private Capital, Property	448.0
AMP Capital Investors Limited	Infrastructure, Property	631.8
AQR Capital Management, LLC	International Shares (Emerging)	387.3
Arrowstreet Capital, Limited Partnership	International Shares	566.9
Baillie Gifford Overseas Limited	International Shares	634.9
Bain Capital Credit, LP	Fixed Interest	174.8
Balanced Equity Management Pty Limited	Australian Shares	749.8
Barwon Investment Partners Pty Ltd	Private Capital	145.1
Brandes Investment Partners & Co	International Shares (Emerging)	168.4
Colonial First State Managed Infrastructure Limited	Infrastructure	505.6
Colchester Global Investors	Fixed Interest	323.8
Hastings Investment Management Pty Limited	Infrastructure	241.9
JP Morgan Asset Management (Australia) Limited	Diversified Strategies	306.1
Macquarie Investment Management Global Limited	Fixed Income	205.9
Macquarie Specialised Asset Management Limited	Infrastructure	427.7
Maple-Brown Abbott Limited	Australian Shares	658.4
Morgan Stanley Investment Management (Australia) Pty Limited	Fixed Interest	1,126.9
Neuberger Berman Australia Pty Ltd	Diversified Strategies	307.0
PIMCO Australia Pty Ltd	Fixed Interest	240.7
QIC Limited	Cash, Asset Overlay	1,059.4
Schroder Investment Management Australia Limited	Fixed Interest	760.6
State Street Global Advisors, Australia, Limited	Cash, International Shares, Diversified Strategies	2,378.4
TCW Asset Management Company	Fixed Interest	694.7
Tribeca Investment Partners Pty Ltd	Australian Shares	271.1
Tweedy, Browne Company LLC	International Shares	684.8
Vanguard Investments Australia Ltd	Australian Shares, International Shares, and International Shares (Emerging)	6,601.4
Vinva Investment Management Limited	Australian Shares	3,555.7
Wellington International Management Company Pty Ltd	Fixed Interest, Diversified Strategies	644.6

## Customised Rebalancing/Overlay Investment Management Agreements:

QIC Limited manages portfolios for the purpose of rebalancing asset allocation, rebalancing currency and equity protection overlay.

Pareto Investment Management Limited manages a portfolio for the purpose of currency overlay.

P/E Global LLC manages a portfolio for the purpose of currency overlay

Fischer, Francis Trees and Watts, Inc. manages a portfolio for the purposes of currency overlay.

# Investment managers (as at 30 June 2016)

## Other Investment Managers:

Sunsuper also invests in a number of investment vehicles and listed below are selected managers.

Manager	Asset classes	\$mil
AMP Capital	International Shares, Property, Capital Guaranteed	463.9
Anchorage Capital Group	Private Capital	164.5
Arcadia Funds Management	Property	148.5
Axa Australia	Capital Guaranteed	136.9
Bridgewater Associates	Hedge Funds	193.8
Caspian Capital	Hedge Funds	126.7
CBRE Global Investors	Property	188.1
Deerfield Management Company LP	Private Capital	116.1
Franklin Templeton Investments	Fixed Interest	116.0
Gardior Pty Ltd	Infrastructure	211.4
GMO	International Shares, International Shares (Emerging), Hedge Funds	142.8
Golden Gate Capital Management	Private Capital	134.7
Goodman Australia	Property	314.4
Harbourvest Partners, LLC	Private Capital	433.8
Hayfin Capital Management	Hedge Funds	135.8
Heitman LLC	Property	473.6
LBC Tank Terminals (Jersey) Limited	Infrastructure	160.9
Lone Star Funds	Property	397.3
Makena Capital	International Shares, Private Capital, Property, Fixed Interest, Hedge Funds, Cash	707.4
Manikay Partners	Hedge Funds	204.0
Myriad Investment Management	Hedge Funds	112.2
OWS Capital Management	Hedge Funds	124.2
QIC Limited	Property	130.6
State Street Global Advisors, Australia, Limited	Australian Shares, International Shares, Property, Fixed Interest	627.5
Stockbridge Capital Group	Property	251.8
Suncorp Life	Capital Guaranteed	146.3
Sunsuper	Infrastructure, Fixed Interest, Cash	998.9
Tribeca Investment Partners Pty Ltd	Australian Shares	583.2
Triton Fund Ltd	Hedge Funds	128.8
The GPT Group	Property	403.5
Varde Partners	Hedge Funds	135.4
Vista Equity Partners Management	Private Capital	129.8

## Sunsuper Pooled Superannuation Trust

The Trustee of Sunsuper is also the Trustee of the Sunsuper Pooled Superannuation Trust (PST). Some investments of Sunsuper are made via the PST. No other entities invest money in the PST. As at 30 June 2016, the PST's net investments were \$5,814m.

## Professional advisers

<b>Administrator</b>	Precision Administration Services Pty Ltd*
<b>Custodian</b>	State Street Australia Limited
<b>Auditor</b>	Deloitte Touche Tohmatsu
<b>Investment consultants</b>	Aksia LLC Stepstone Group LP JANA Investment Advisers Pty Ltd Mercer Investments (Australia) Limited
<b>Lawyers</b>	Corrs Chambers Westgarth
<b>Insurers</b>	AIA Australia Limited MetLife Insurance Limited The National Mutual Life Association of Australasia Limited (AMP) Hannover Life Re of Australasia Ltd
<b>Actuaries</b>	Shane Mather (Fellow of the Institute of Actuaries of Australia) Towers Watson Australia Pty Ltd

\*Precision Administration Services Pty Ltd is wholly owned by the Sunsuper Superannuation Fund.

## Sunsuper's reserves

The Trustee maintains a number of reserves in the Fund. The Trustee is required to maintain adequate financial resources to address losses arising from operational risks that may affect its business operations. The operational risk financial requirement (ORFR) is the target amount of financial resources that the Trustee determines is necessary to respond to these losses.

The Trustee set an ORFR target amount at 0.25% of Fund net assets plus 0.10% of Sunsuper Pooled Superannuation Trust (PST) net assets. The PST is 100% owned by Sunsuper Superannuation Fund and has the same Trustee as the Fund.

The Trustee may call upon the resources held to meet the ORFR target amount to make a payment to address an operational risk that has materialised and caused one or more beneficiaries in the Fund or in the PST to sustain a loss, or to be deprived of a gain, to which they otherwise would have been entitled, in relation to their benefits in the Fund or in the PST. Initial funding of the ORFR and future top-up or replenishment is from the general reserve. The ORFR is invested in the Balanced option.

Over the past 2 years Sunsuper's ORFR has been:

As at 30 June	2016	2015	2014
Reserve (\$mil)	97.4	89.8	81.6
Reserve attributed to the PST (\$mil)	5.8	6.2	4.3

The ORFR is included in 'Net assets available to pay benefits' as disclosed in the Statement of Net Assets on page 36 of this report.

The Trustee maintains a general reserve in the Fund for the benefit of members. The general reserve is maintained in order to:

- help meet the operating expenses of the Fund,
- assist with the management of the operational risks of the Fund, including meeting losses from events not covered by insurance, or not claimed under insurance policies and not met from the ORFR,
- support the ORFR,
- support the timing differences between the levels of investment tax and the investment costs incurred and the level of investment tax and investment fees charged to members, and

- support expenses and capital investments in assets designed to enhance the efficiency of the Fund's operations.

The Trustee does not maintain the general reserve for the purpose of smoothing investment earnings for any investment option. Members' accounts are credited or debited with the actual earnings of their investment option or options.

The general reserve may only be invested in:

- the Balanced option,
- low volatility investments (e.g. cash) to fund significant short-term liabilities (e.g. taxes), and
- any other investments approved by the Trustee.

Over the past 5 years Sunsuper's general reserve has been:

As at 30 June	2016	2015	2014	2013	2012
Reserve (\$mil)	180.2	200.7	190.9	196.2	199.3

The general reserve is included in 'Net assets available to pay benefits' as disclosed in the Statement of Net Assets on page 36 of this report.

As part of the Fund's group life insurance arrangements with the insurers, the Trustee may receive profit share distributions. The Trustee may use any profit share distributions to help meet insurance offering costs or to fund insurance related enhancements. Any profit share distributions which are received and not yet used for these purposes are allocated to an insurance reserve.

Over the past 5 years Sunsuper's insurance reserve has been:

As at 30 June	2016	2015	2014	2013	2012
Reserve (\$mil)	Nil	Nil	0.3	1.1	4.8

The insurance reserve is included in 'Net assets available to pay benefits' as disclosed in the Statement of Net Assets on page 36 of this report.

# The Board

The Trustee of the Sunsuper Superannuation Fund is Sunsuper Pty Ltd (ABN 88 010 720 840), which is licensed by the Australian Prudential Regulation Authority (APRA) under a Registrable Superannuation Entity (RSE) licence and holds an Australian Financial Services Licence (AFSL) (AFSL No. 228975) from the Australian Securities and Investments Commission (ASIC).

The Trustee is responsible for managing the Fund, and ensures it operates in the best interests of all members and continues to comply with all legal requirements.

Sunsuper Pty Ltd has a Board of Directors comprising of independent directors, member representatives and employer representatives. As at 30 June 2016 the members of the Board were:

Member representatives	Appointed by
------------------------	--------------

Michael Clifford <sup>1</sup>	Qld Council of Unions
Ros McLennan <sup>2</sup>	Qld Council of Unions
Ben Swan (Chair) <sup>3</sup>	Australian Workers Union of Employees Qld

Employer representatives	Appointed by
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Elizabeth Hallett	Qld Chamber of Commerce and Industry Limited
Rob Hutchinson <sup>4</sup> (Deputy Chair)	Qld Chamber of Commerce and Industry Limited
Vacant <sup>4</sup>	Qld Chamber of Commerce and Industry Limited

Independent Directors	Appointed by
-----------------------	--------------

Jenni Mack <sup>5</sup>	Sunsuper Board
Andrew Fraser <sup>6</sup>	Sunsuper Board
Michael Traill <sup>6</sup>	Sunsuper Board

<sup>1</sup> Michael Clifford was appointed to the Board effective 1 February 2016, replacing John Battams who ceased 31 January 2016.

<sup>2</sup> Ros McLennan was appointed to the Board effective 28 October 2015, replacing Ron Monaghan who ceased 31 July 2015.

<sup>3</sup> Ben Swan replaced Ron Monaghan as Chair effective 1 August 2015.

<sup>4</sup> Paul Lahiff ceased 28 April 2016 and Rob Hutchinson ceased 30 June 2016. They were replaced by Mark Harvey and Theresa Moltoni effective 1 July 2016.

<sup>5</sup> Jenni Mack was appointed to the Board effective 1 July 2015.

<sup>6</sup> Andrew Fraser and Michael Traill were appointed to the Board effective 16 September 2015.

Replacement member and employer representatives are appointed by the same employer or union body. Independent directors are appointed by the Board following nomination by either the member or employer representatives. The Audit, Compliance and Risk Management Committee of the Board is responsible for reporting to and advising the Board on audit, compliance and risk management issues. The members of the Audit, Compliance and Risk Management Committee are appointed by the Board. All members are Directors of the Trustee. The Audit Committee Financial Expert is external, non-Board member, Marian Micalizzi.

Sunsuper has developed and implemented a comprehensive risk management framework, which focuses on the identification, analysis, evaluation, treatment, monitoring and communication of risks. The risk management framework is subject to limited annual assurance from Sunsuper's external auditor in accordance with prescribed auditing standards as well as further comprehensive review from Sunsuper's internal audit function in accordance with the requirements of APRA's SPS 220 - Risk Management.

All members of the Investment Committee must be Directors of the Trustee, except for the Investment Expert who can be an external, non-Board member. The current Investment expert is Rodney Green, who replaced Phillip Gardner effective 1 February 2016. Gus Sauter is an external adviser to the Sunsuper Investment Committee.

## Evaluation of Board and executive officers

The Board has implemented a process for the periodic review and evaluation of its performance and the performance of its committees, individual directors and executive officers.

The CEO, in conjunction with the Board Remuneration and Nominations Committee, is responsible for approving the performance objectives and measures for executive officers, and providing input into the evaluation of performance against these objectives.

Performance evaluations for the 2015-16 financial year have been conducted in accordance with the approved process.

## Remuneration of directors and executive officers

Director remuneration consists of Director fees, Board and Committee chair fees, superannuation guarantee contributions and the reimbursement of reasonable expenses. The fees reflect the demands on and responsibilities of those directors.

Executive officers remuneration comprises salaries, superannuation guarantee contributions, performance bonuses and the reimbursement of reasonable expenses. The CEO, in conjunction with the Board Remuneration and Nominations Committee, is responsible for determining the remuneration of executive officers. Director and executive officers remuneration is reviewed at least annually. Remuneration levels are benchmarked against independent external sources. The directors and executive officers are paid in accordance with the remuneration policy.

The total remuneration paid to directors and executive officers can be found online at [sunsuper.com.au/remuneration](http://sunsuper.com.au/remuneration)

## The Board (continued)

	Board	Audit, Compliance and Risk Management Committee	Investment Committee	Remuneration and Nominations Committee	Claims Committee	Successor Fund Transfer Committee
<b>Numbers of meetings held in the year</b>	9	7	5	2	12	3
<b>Directors</b>						
Andrew Fraser	8 (8)	N/A	3 (4)	N/A	N/A	N/A
Ben Swan	9 (9)	6 (7)	3 (5)	2 (2)	2 (2)	N/A
Elizabeth Hallett	9 (9)	7 (7)	5 (5)	2 (2)	2 (2)	2 (3)
Jenni Mack	9 (9)	N/A	4 (5)	1 (1)	2 (2)	3 (3)
John Battams	5 (5)	N/A	2 (2)	1 (1)	1 (1)	N/A
Michael Clifford	4 (4)	3 (3)	3 (3)	N/A	N/A	N/A
Michael Traill	6 (8)	N/A	4 (4)	N/A	N/A	N/A
Paul Lahiff	7 (8)	6 (6)	4 (4)	N/A	2 (2)	2 (2)
Rob Hutchinson	9 (9)	N/A	5 (5)	2 (2)	2 (2)	N/A
Ros McLennan	6 (6)	N/A	4 (4)	N/A	1 (1)	1 (1)
Ron Monaghan	0 (0)	N/A	0 (0)	0 (0)	N/A	N/A

### Important:

Numbers shown in brackets represent the number of meetings each Director was eligible to attend and are based on 1 July 2015 to 30 June 2016.

The Board approves a charter for each committee, except the Claims Committee which operates under delegation instructions.

Members of the Audit, Compliance and Risk Management Committee at 30 June 2016 were Ben Swan, Elizabeth Hallett and Michael Clifford. Michael Clifford joined the committee on 1 February 2016. Paul Lahiff ceased as a committee member on 28 April 2016.

Members of the Remuneration and Nominations Committee at 30 June 2016 were Ben Swan, Elizabeth Hallett, Jenni Mack and Rob Hutchinson. Ben Swan joined the committee effective 1 August 2015, replacing Ron Monaghan who ceased 31 July 2015. Jenni Mack joined the committee effective 1 February 2016, replacing John Battams who ceased 31 January 2016.

Members of the Successor Fund Transfer Committee at 30 June 2016 were Elizabeth Hallett, Jenni Mack and Ros McLennan. Ros McLennan joined the Successor Fund Transfer Committee on 1 February 2016. Paul Lahiff ceased as a committee member 28 April 2016.

The Claims Committee is comprised of one Director sitting in rotation supported by a management advisory committee.

# More information on Investment options

## Active investment options

Sunsuper has a belief in active investment management that we apply to several of the options we offer. This is reflected in the range of highly rated investment managers selected by Sunsuper in consultation with JANA Investment Adviser Pty Ltd ABN 97 006 717 568, to manage the actively managed investment options.

We believe that active management, including enhanced index management, will result in returns higher than returns from index managers, even after active management costs are taken into account. In addition to expecting our managers to outperform their benchmarks through active management, we expect all of our managers to:

- have world-class professional investment processes,
- complement each other's processes and styles, and
- be cost effective.

## Index investment options

Although we believe in the potential benefits of active management, we provide our members with access to low cost index options. Index (or passive) options are invested in a range of investments designed to replicate the performance of a chosen benchmark. Index options generally have lower fees than actively managed options.

## Multi-manager approach

Options may be classified as single or multi-manager. Sunsuper generally prefers to construct options using a multi-manager approach. Multi-manager options use a combination of investment managers within the one investment option, providing diversification across investment managers and reducing the risk of exposure to any one investment manager or style.

## Currency hedging

The value of overseas investments can be impacted by currency fluctuations. The effects of currency movement on an investment can be reduced by 'currency hedging'. This fixes the value of the Australian dollar relative to one or a number of foreign currencies.

An investment or asset class can be either fully hedged, partially hedged or unhedged:

- fully hedged is where all of the investment is protected from the effects of currency exchange rates,
- partially hedged is where the investment is partly protected from these effects, and
- an unhedged investment is not protected from these effects.

Sunsuper has a set strategic currency exposure policy for the investment options and pools designed by Sunsuper which have international exposure. The policy may be modified in the future, with respect to the hedging of currency:

- For the options with international fixed interest investments, Sunsuper aims to fully hedge the currency exposure (that is, the impact of currency fluctuations are virtually eliminated).
- For the options with international shares investments, Sunsuper varies the strategic level of foreign currency hedging. An appropriate hedge is set for each option, taking into account its specific circumstances, asset allocation and risk and return characteristics. Active managers can also vary the level of hedging as a tactical decision to take advantage of expected currency movements.

For other investment options with international exposure, the currency hedging is outlined in the relevant investment panel for each option on pages 6 to 26.

## How we calculate your balance

Your account balance is calculated by multiplying the number of units you have in each investment option by the unit price for each option. As the unit prices are calculated on a daily basis, the value of your account may change daily.

## Is your investment guaranteed?

No, except for the Capital Guaranteed option, the movement in unit prices, the repayment of capital and the performance of any investment option are not guaranteed. Investing in a specific investment option does not give any entitlement to the assets underlying that investment option. For more details on the guarantee for the Capital Guaranteed option, refer to page 26.

## How does Sunsuper use derivatives?

Sunsuper's policy is to allow our investment managers to use derivatives, such as futures, options and swaps, to achieve their investment objectives, particularly for the purpose of managing risk. However, the managers must operate within specific investment guidelines.



## More information on Investment options (continued)

### Changes to Buy-sell spreads

The Buy-sell spreads for the International Shares - Index (hedged) and International Shares - Index (unhedged) investment options changed during 2015-16 as shown below.

Investment option	Effective 01/07/2015	Effective 07/10/2015	Effective 24/11/2015
International Shares - Index (hedged)	Buy-sell spread: <sup>1</sup> 0.31% / 0.26%	Buy-sell spread: <sup>1</sup> <b>0.26% / 0.21%</b>	Buy-sell spread: <sup>1</sup> <b>NIL</b>
International Shares - Index (unhedged)	Buy-sell spread: <sup>1</sup> 0.30% / 0.25%	Buy-sell spread: <sup>1</sup> <b>0.25% / 0.20%</b>	Buy-sell spread: <sup>1</sup> <b>NIL</b>

<sup>1</sup> From 1 July 2016 the Buy-sell spreads for all investment options are nil. The Buy-sell spreads for each investment option may vary from time to time to reflect the Buy-sell spread charged by the relevant managers, refer to the *Sunsuper for life Investment guide* for more information.

### Changes to estimated investment fees

The 2015-16 estimated investment fees for the International Shares - Index (hedged) and International Shares - Index (unhedged) investment options were updated on 24 December 2015.

Investment option	2015-2016 previous estimated fee <sup>1</sup>	2015-2016 updated estimated fee <sup>1</sup>
International Shares - Index (hedged)	Base: 0.20% p.a. Performance: n/a	Base: <b>0.16% p.a.</b> Performance: n/a
International Shares - Index (unhedged)	Base: 0.20% p.a. Performance: n/a	Base: <b>0.16% p.a.</b> Performance: n/a

<sup>1</sup> Actual investment fees may be less than or greater than that indicated.

# Compliance

## Sunsuper complies

Sunsuper is a regulated fund under the *Superannuation Industry (Supervision) Act 1993* (SIS), and has been a complying fund since inception in 1987. Sunsuper was granted an RSE licence by the Australian Prudential Regulation Authority (APRA) on 21 October 2005.

It is the Trustee's responsibility to ensure that Sunsuper meets its licensing obligations, including compliance with the RSE licensee laws and the maintenance of a risk management strategy and plan. As a result, Sunsuper members benefit from the lower tax rates that apply to complying funds. The Trustee lodges a return each year with APRA indicating the Fund's compliance with relevant legislation, including the SIS Act.

As an Australian Financial Services licensee, Sunsuper must also have arrangements in place to ensure that it complies with its licensee obligations as determined by the Australian Securities and Investment Commission (ASIC). These obligations relate to conduct and disclosure; the provision of financial services; the competence, knowledge and skills of its responsible officers, as well as their good fame and character; the training and competence of its staff and representatives; and dispute resolution and compensation arrangements. Sunsuper has planned and implemented compliance measures, processes and procedures to ensure it meets the obligations.

## Further information

Further information to help you understand your benefits or entitlements, the main features of the Fund, the management and financial condition of the Fund, and the Fund's investment performance or investment strategies is available by calling us on **13 11 84** or visiting [sunsuper.com.au](http://sunsuper.com.au)

## Insurance

The Trustee has implemented a comprehensive insurance programme, which includes liability and professional indemnity insurance policies. This programme is designed to transfer some of the financial risks faced by the Trustee and the Fund to other parties. The nature and extent of the insurance

policies in place has been determined through risk analysis and consultation with external risk advisors.

## Superannuation surcharge

This surcharge was abolished from 1 July 2005, however, surcharge amounts may have been advised by the Australian Taxation Office (ATO) and been deducted from members' accounts during the previous financial year. Sunsuper as the Trustee is responsible for the collection and the remittance of these amounts to the ATO and will deduct any surcharge payable from your account.

## Eligible Rollover Fund

To protect the value of small *Super-savings accounts*, Sunsuper may, at its discretion, transfer member accounts to an Eligible Rollover Fund (ERF) where:

- the member's account balance is low, and
- we have not received any contributions on the member's behalf for at least 2 years.

The ERF currently used by Sunsuper can be contacted as follows:

The AUSfund Administrator,  
PO Box 2468  
Kent Town  
SA 5071

Call: 1300 361 798

If your *Super-savings accounts* balance is transferred to AUSfund:

- You will no longer be a member of *Sunsuper for life*.
- You will become a member of AUSfund and be subject to its governing rules. You should refer to the AUSfund Product Disclosure Statement PDS for details of its features. If Sunsuper can provide AUSfund with your contact details, AUSfund will provide you with its own PDS that outlines all the operational details of their fund.
- Investment earnings credited to your account will vary

depending on the interest rate declared by the Trustee of AUSfund. You should refer to the AUSfund PDS, website and annual report for details of these investment earnings.

- A different fee structure will apply. For details of fees changed by AUSfund, refer to the AUSfund Product Disclosure Statements.

Indirect investment and operational costs are deducted from the gross investment returns before interest rates are declared. You should refer to the AUSfund PDS for details of the fees which may apply.

- AUSfund has one diversified investment strategy and therefore doesn't provide investment choice. Rates of return are not guaranteed and investment returns provided to AUSfund members will be dependent on the performance of the underlying investment markets.
- AUSfund does not offer insured benefits in the event of death or disablement.

You can contact AUSfund directly to claim your benefit or to transfer it to another superannuation fund. You can access the AUSfund PDS at [www.unclaimedsuper.com.au](http://www.unclaimedsuper.com.au).

The trustee of AUSfund is Industry Funds Investments Limited, ABN 17 006 883 227, AFSL 229881.

# Compliance (continued)

## Dispute resolution

If you are unhappy with our service or super fund, we offer a complaint resolution process at no additional cost to you. Contact us to discuss your complaint:

Customer Service Team: **13 11 84**

Sunsuper Customer Relations Team  
GPO Box 2924  
Brisbane Qld 4001

**[sunsuper.com.au/contactus](http://sunsuper.com.au/contactus)**

We will do everything we can to resolve the issue as quickly as possible. If you are still not happy or Sunsuper has not responded within 90 days, you can contact the Superannuation Complaints Tribunal (SCT). This is an independent dispute resolution body established by the Federal Government to help resolve complaints about superannuation. They may be contacted by writing to:

Superannuation Complaints Tribunal  
Locked Bag 3060  
Melbourne Vic 3001

Phone: 1300 884 114

Web: [www.sct.gov.au](http://www.sct.gov.au)

## Important information you should know about making a complaint to the SCT

The scope of matters that the SCT can deal with is limited by legislation, and it is possible that the SCT cannot deal with the matter. The SCT will advise you if they can deal with a complaint and, if so, what information is required. The SCT can only deal with complaints where:

- the complainant is a member or former member of Sunsuper, or a person on behalf of a member, former member or former member's estate,
- the complaint relates to a Trustee decision or action in respect of a particular member of the Fund, not the general management of the Fund, and
- the complaint has first been dealt with under Sunsuper's internal complaint resolution procedures.

Access to the SCT is free of charge.

For more information on the complaints resolution process refer to **[sunsuper.com.au/complaints](http://sunsuper.com.au/complaints)**

## Temporary residents

Super funds will be issued with a notice by the ATO identifying members who are not Australian or New Zealand citizens or permanent residents of Australia and who have left Australia after holding an Australian temporary resident visa. On receipt of the ATO notice, we will be required to transfer the benefit of any member recorded on the notice to the ATO. As Sunsuper adopts the ASIC class order relief that provides disclosure exemption for former temporary residents, information regarding the transfer of a member's benefits and significant event notices may not be provided to a member whose benefit has been transferred. For more information visit **[sunsuper.com.au/factsheets](http://sunsuper.com.au/factsheets)**

After departing Australia a former temporary resident can claim their benefit from Sunsuper (if we have not paid it to the ATO) or from the ATO. If you are applying to the ATO to claim your benefit and require information about the transfer, please contact us. The taxable component (taxed element) of a former temporary resident's benefit will be taxed at 38 per cent.

## Unit pricing error compensation

Sunsuper has put in place comprehensive controls in order to minimise the chance of unit pricing errors. Should an error occur and Sunsuper determines that compensation is payable to members that have been adversely affected, we aim to ensure existing Sunsuper members are in the same financial position as if the error did not occur. For exited members only amounts \$20 or greater will be compensated. Sunsuper's policy is in line with industry standards and regulatory guidelines.

# Financial statements

The financial statements identify:

- all contributions to the Fund,
- where the Fund's money was invested and how much income it earned,
- expenses the Fund incurred and other revenue the Fund earned,
- the net assets in the Fund available to pay future benefits, and
- the amount the Fund paid out in benefits.

The Trustee is satisfied that the following abridged financial information derived from the audited Financial Statements of the Fund represents a true and accurate record of changes in the Fund's net assets during the year to 30 June 2016 and the net assets as at 30 June 2016. Audited Financial Statements and the Independent Report by the Fund's auditors are available on our website. You can also contact us on 13 11 84 to request a copy to be sent to you.

STATEMENT OF NET ASSETS as at 30 June	2016 \$000	2015 \$000
<b>Investments</b>		
Cash and cash equivalents	4,020,397	3,687,988
Fixed interest securities	4,390,172	4,151,273
Australian equities	9,429,510	7,506,302
International equities	8,024,334	8,983,162
Property	4,136,210	3,119,506
Alternative assets	6,812,861	6,501,662
<b>Total investments</b>	<b>36,813,484</b>	<b>33,949,893</b>
<b>Other assets</b>		
Cash at bank	40,053	40,854
Contributions receivable	219,386	200,988
Other financial assets	128,883	122,908
Plant and equipment	2,065	2,677
Deferred tax asset	6,121	34,697
<b>Total other assets</b>	<b>396,508</b>	<b>402,124</b>
<b>Total assets</b>	<b>37,209,992</b>	<b>34,352,017</b>
<b>Liabilities</b>		
Benefits payable	257,807	247,135
Other payables	47,998	43,724
Provision for employee benefits	3,326	3,121
Current tax liabilities	228,741	249,443
Deferred tax liabilities	341,028	299,989
<b>Total liabilities</b>	<b>878,900</b>	<b>843,412</b>
<b>Net assets available to pay benefits</b>	<b>36,331,092</b>	<b>33,508,605</b>

STATEMENT OF CHANGES IN NET ASSETS for the year ended 30 June	2016 \$000	2015 \$000
<b>Revenue from ordinary activities</b>		
<b>Net investment revenue</b>		
Interest	216,855	215,862
Dividends & distributions	855,749	865,011
Rental and other investment income	35,459	38,028
Changes in net market value of investments	1,535	1,843,797
Less: Direct investment expenses	(89,034)	(96,412)
	<b>1,020,564</b>	<b>2,866,286</b>
<b>Contribution revenue</b>		
Employer contributions	2,775,145	2,675,446
Member contributions	411,197	448,414
Transfers from other funds	984,467	1,118,358
Transfer from successor fund	579,270	546
	<b>4,750,079</b>	<b>4,242,764</b>
<b>Other revenue</b>		
Group life insurance rebate/(reversals)	-	(2,000)
Group life insurance proceeds	228,055	253,947
Other income	76	99
	<b>228,131</b>	<b>252,046</b>
<b>Total revenue from ordinary activities</b>	<b>5,998,774</b>	<b>7,361,096</b>
<b>Expenditure from ordinary activities</b>		
<b>Direct member expenses</b>		
Group life insurance premiums	356,247	355,072
Other member and sub-plan specific expenses	904	624
	<b>357,151</b>	<b>355,696</b>
<b>Indirect member expenses charged to general reserve</b>		
Fund administration expense	133,301	125,758
Depreciation expense	491	529
Anti-detriment payments	5,503	5,361
	<b>139,295</b>	<b>131,648</b>
<b>Benefits paid and payable</b>	<b>2,348,750</b>	<b>2,193,652</b>
<b>Total expenditure from ordinary activities</b>	<b>2,845,196</b>	<b>2,680,996</b>
<b>Total revenue less expenditure before income tax</b>	<b>3,153,578</b>	<b>4,680,100</b>
<b>Income tax expense</b>	<b>331,091</b>	<b>343,903</b>
<b>Total revenue less expenditure after income tax</b>	<b>2,822,487</b>	<b>4,336,197</b>
<b>Net assets available to pay benefits at the beginning of the year</b>	<b>33,508,605</b>	<b>29,172,408</b>
<b>Net assets available to pay benefits at the end of the year</b>	<b>36,331,092</b>	<b>33,508,605</b>



## Ratings agency information

Canstar, Chant West, SuperRatings and The Heron Partnership have given their consent and have not withdrawn it in relation to the inclusion of references to their ratings throughout the *Annual report*. They do not make, or purport to make, any statement in the *Annual report* other than these references.

For further information about the ratings methodology used and awards, refer to [sunsuper.com.au/ratingsagencies](http://sunsuper.com.au/ratingsagencies)



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