

FUTURE SUPER

2020 Annual Report

FUTURE SUPER

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About this Annual Report

This Annual Report is for members of the Future Super Fund, USI 45 960 194 277 010 RSE No. R1072914 referred to in this Annual Report as the Fund or the Plan. The Fund contains more than one division. Information in this report relates to members of the Future Super division (“Future Super”) unless otherwise stated as relating to the Fund.

This Annual Report has been issued by Diversa Trustees Limited (the Trustee or Diversa Trustees or We) ABN 49 006 421 638, AFSL 235153 RSE Licence L0000635 as Trustee of FUTURE SUPER. The Sponsor and Promoter of the Fund is Future Super Investment Services (‘FSIS’), Future Super Investment Services Pty Ltd ABN 55 621 040 702, AFS Representative No. 001271441), which is a Corporate Authorised Representative of Future Super Holdings Pty Ltd (ABN 90 167 800 580, AFSL 482684).

This Annual Report should be read in conjunction with the Annual Member Statement recently provided to you, which shows your member entitlement in the Fund as at 30 June 2020. If you would like a hard copy of this Annual Report sent to you free of charge, please contact Future Super on 1300 658 422.

The information in this document is intended to provide you with general information only and does not take into account one or more of your personal objectives, financial situation and needs. Before making any financial decisions about Future Super, it is important that you consider the current product disclosure statement (PDS) relevant to your membership and consider your particular circumstances and whether the particular financial product is right for you. The current PDS for the product is available by calling Future Super on 1300 658 422 or downloading from www.myfuturesuper.com.au. You should consult a financial adviser if you require personal advice.

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Report from the Investment Manager

2019/2020 has been a story of two very different investment environments. Interest rates are at historical lows so lots of money from around the world was invested in growth assets, like shares. As a result, as the coronavirus pandemic hit, share markets had a long way to fall. The nature of the pandemic meant that many infrastructure assets also suffered negative changes in their valuations. Governments have tried to protect the impacts on the economy and as a result we've seen share markets and other assets start to claw back losses over the last few months as confidence has returned.

This period saw the most significant asset price volatility and downside price movements since before the GFC. Moreover, the volatility of asset prices wasn't limited to equities, uncertainty prevailed across all classes. As a result, the average Balanced superannuation fund recorded negative returns over the 2019/20 year.

The story for Future Super was different. While our portfolios are not immune to the impacts of Covid19, the Future Super portfolios stood up really well and produced positive returns for the year. In fact, according to SuperRatings, the Future Super portfolios were the top 3 Balanced fund portfolios for the year to June 30. This outperformance was a result of a few things. Our approach to investment management is to not just provide strong returns when markets are good, but to be mindful of protecting member savings when markets are volatile. The portfolios also benefited from removing (as much as possible) the risks associated with fossil fuels. The fossil fuel industry was one of the worst performing sector (again) last year.

We strongly believe that long-term investment thematic's based on environmental, social and good corporate governance will thrive and form the base of solid investment performance for the members of the Fund.

We are proud of the investment performance of the portfolios, particularly over a challenging period leading up to 30 June 2020, and will continue to focus on assets that are contributing to a better world both environmentally and socially.

Thank you for your support.

Future Super

This statement contains general information only and does not take into account any person's financial objectives, situation or needs. We recommend that you seek professional financial advice tailored to your own personal circumstances.

When considering financial returns, past performance is not a reliable indicator of future performance. Superannuation is a long-term investment and it is important to consider investment returns over a long time horizon, rather than short term fluctuations. The risk profile of the Fund's investment strategy is based on the Standard Risk Measure. You can read more about the Risks of Super on page 12 of our Additional Information Booklet.

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Governance

The Trustee of the Fund is Diversa Trustees Limited ('Diversa Trustees', 'Trustee') and is responsible for the ongoing management of the Fund. As Trustee, Diversa Trustees employ specialist providers to help look after the Fund and its investments which are outlined in the 'Directory' section at the end of this Annual Report.

As Trustee, Diversa Trustees aims to ensure that all legal and compliance obligations are properly met. It is responsible for compliance with the Trust Deed of the Fund, including ongoing satisfaction of legislative requirements, and monitoring of risk controls as specified in its' risk management framework. In summary, the Trustee's role generally incorporates:

- fund registration,
- issue of disclosure documents,
- compliance monitoring against legislative and regulatory requirements, and
- risk management.

The names of the Directors of the Trustee as of 30 June 2020 are as follows:

- Vin Plant (Chair),
- Murray Jones,
- Robyn FitzRoy,
- Andrew Peterson, and
- Fiona McNabb.

Remuneration

The Directors of the Board did not receive and are not due any remuneration from the Fund in connection with the management of the Fund. Directors fees are paid by Diversa Trustees Limited.

Board committees

The Board of the Trustee is committed to strong principles of corporate governance, including continuous improvement of its performance and processes.

The following committees assist the Board, which in some cases involves engagement of external experts:

- Investment Committee, and
- Audit, Compliance, Risk and Remuneration Committee.

No penalties were imposed this year on any responsible person under *Section 38A of the Superannuation Industry (Supervision) Act 1993*.

Professional indemnity insurance

Diversa Trustees has professional indemnity insurance to protect the Trustee, its directors and the Fund against certain losses or liabilities. The indemnity insurance cover is subject to the terms and conditions of the relevant policy and complies with the requirements of *Section 912B of the Corporations Act 2001*.

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The Trust Deed

The governing rules of the Fund are set out in the Future Super Fund Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found at www.diversa.com.au.

Compliance

Future Super Fund is a regulated Superannuation Fund and complies with the *Superannuation Industry (Supervision) Act (1993) (SIS Act)*. The Fund lodges a return with APRA every year and has not received a notice of non-compliance from APRA. No penalties have been imposed in respect of the Fund under the relevant superannuation legislation.

Internal Auditor

The Trustee has appointed RSM Australia Pty Ltd, ABN 33 009 321 377 as the internal auditor of the Fund, to analyse and improve the controls and performance of the Fund. RSM Australia Pty Ltd can be contacted by writing to RSM Australia Pty Ltd, GPO Box 5138 NSW 2001. The Trustee may change internal auditors from time to time.

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Investments

Future Super Values

Future Super is designed to provide investors with a way of building retirement savings without investing in businesses which directly or indirectly support the fossil fuel industry. As well as avoiding fossil fuel investments, Future Super Values are also taken into account in the positive and negative screening of the investments. Please refer to the PDS and Additional Information Guide at the Future Super website for further details at www.myfuturesuper.com.au.

The investment strategy of the Fund takes into account the following criteria:

- the risk involved in making, holding and realising investments, and the likely return from those investments, having regard to the Fund's objectives and its expected cash flow requirements,
- the composition of the Fund's investments as a whole including the extent to which the investments are diverse or involve the option of being exposed to risks from inadequate diversification,
- the liquidity of the Fund's investments having regard to its expected cash flow requirements, and
- the ability of the Fund to discharge its existing and prospective liabilities.

The objective, strategy and asset allocation for each of Future Super's investment options is given below. The objective is not a promise or guarantee of a particular return or benefit but is utilised by the Trustee to measure the performance of the option. Part of the Fund's assets may be allocated to external fund managers and their products. Asset allocations may vary from time to time for various reasons including asset allocation decisions and market movements. The upper and lower limits of the benchmark may also vary from year to year, depending on changes to the Investment Strategy made by the Trustee.

Refer to the current Future Super Product Disclosure Statement ("PDS") including related incorporated information for Future Super for more detailed information about the investment strategy and investment risks. The PDS is available online at www.myfuturesuper.com.au or by contacting Future Super on 1300 658 422. You should consider the likely investment return and the risk and your investment time frame when choosing an investment option.

Investments

The 2020 economic and financial year was an extraordinary one for society, financial markets and the global economy. Asset class returns for the financial year to 30 June 2020 follow:

Asset class returns for the period are as follows: Asset Class	Return* (%)
Cash	0.8%
Australian Bonds	4.2%
International Bonds (hedged)	6.1%
Australian Shares	-7.6%
Australian Property Securities	-20.7%
International Shares (hedged)	1.3%
International Shares (unhedged)	5.2%
Emerging Share Markets (unhedged)	6.6

*Capital and Income

Data source: Thomson Reuters DataStream and MSCI.

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Investment performance

A superannuation funds investment performance typically varies over time. Because superannuation is a long-term investment, longer term returns (such as 5 and 10 investment returns) smooth out short term results.

Depending on the nature of each investment option (including its risk profile), an investment option may experience negative returns from time to time and it is generally not appropriate to assess the performance of an investment option by the return for a single year or other short-term periods.

Actual returns will be determined by the investment strategy adopted and prevailing market conditions. The Fund's monthly investment performance information is also made available at www.myfuturesuper.com.au.

Information on investment performance relating to your Account specifically is provided in your Annual Member Statement for the year ended 30 June 2020.

Investment Performance Returns % – Financial Year 30 June 2020²

Returns as at 30 June 2020 ¹	1 year ¹	Since inception ²
Accumulation		
Future Super Balanced Impact Accumulation ³	5.21%	7.45%
Future Super Renewables Plus Growth Accumulation ⁴	5.26%	7.04%
Future Super Balanced Index – Accumulation ⁴	5.53%	9.89%
Pension		
Future Super Balanced Impact Pension ³	6.63%	9.13%

Notes:

1. Returns are based on actual investment options. Returns shown for 1-year periods or longer are annualised amounts and are net of all investment fees, administration fees and taxes, excluding member direct fees. Returns are calculated using changes in the unit price. Past performance should not be relied upon as an indication of future returns.
2. Compound returns since inception are compound annualised averages and are net of all investment fees, administration fees and taxes excluding member direct fees. When the 5 or 10 years compound return is unable to be determined, the since inception return is provided.
3. Inception date for Future Super Balanced Impact & the Future Super Balanced Impact – Pension options was 24 June 2017.
4. Inception date for Future Super Renewables Plus Growth option was 1 May 2018. Inception date for Future Super Balanced Index is 16 November 2018.

Neither past performance nor volatility is a reliable indicator of what may happen in the future. Neither capital nor returns are guaranteed.

Past performance is calculated net of investment fees and taxes excludes fees charged to member Accounts directly, and does not take into account inflation.

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Investment options

Future Super Pooled Investment Options as at 30 June 2020

The tables following contain information regarding the investment options of the Fund for the year ended 30 June 2020. Details of investment options shown are not a guarantee of any particular benefit or return. The investment option objectives are used by the Trustee to measure the performance of the Fund's investments.

You should consider the most up to date PDS and PDS Guides where applicable, Annual Report and any Significant Event Notices provided to you when choosing an investment option in either Accumulation or Pension.

There were three investment options in the Fund for accumulation members of Future Super at 30 June 2020:

- Future Super Balanced Index (for accumulation members),
- Future Super Balanced Impact (for accumulation members),
- Future Super Balanced Renewables Plus Growth (for accumulation members), and

The Balanced Growth Pension investment option is the only investment option available to Pension members. An Account-based pension can provide a flexible, tax-effective way to convert some or all of your superannuation into a regular income stream subject to minimum annual payment limit. The investment objectives and strategies of the investment options available to members of the Pension Account are the same as the objectives and strategies of the investment options available to Accumulation Account members, however no tax is applicable to pension assets (except effective from 1 July 2017 for transition to retirement pensions).

Call Future Super on 1300 658 422 for more information about pension eligibility criteria and consider the Pension PDS before making any decision to acquire a pension from Future Super (available by contacting the Future Super on 1300 658 422 or write to Future Super, GPO Box 1858 Sydney NSW 2001).

Standard Risk Measure

The risk profile of the Fund's investment strategy is based on the Standard risk measure. The standard risk measure is based on industry guidance to allow you to compare investment options that are expected to deliver a similar number of negative annual returns over any 20 year period. The standard risk measure is not a complete assessment of all forms of investment risk, for instance it does not detail what the size of a negative return could be or the potential for a positive return to be less than a customer may require to meet their objectives. Further, it does not take into account the impact of administration fees and tax on the likelihood of a negative return. Customers should still ensure they are comfortable with the risks and potential losses associated with their chosen investment option(s).

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Investment options – Accumulation members

Future Super Balanced Index Investment Option

Suitability	Members comfortable with accepting short term market/performance volatility in order to achieve higher returns.			
Investment Strategy	Future Super Balanced Index aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. Where possible the exposures will be managed based on a series of rules-based models (Indexes). This option aims to provide investors with the highest possible returns consistent with a "balanced" investment strategy. Specific allocations may vary but Future Super will retain a broad 70/30 split between growth and income assets and a bias toward Australian assets. The option is invested using both a negative and positive ethical screening process.			
Investment Return Objective	Future Super Balanced Index aims to track or outperform the Consumer Price Index (CPI) + 2.50% per annum over rolling 10 year periods (after fees and taxes).			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares*	45%	20%	35%
	International shares*	45%	20%	35%
	Other**	5%	0%	0%
	Total Growth			70.0%
	Australian fixed interest	45%	15%	25%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2%	5%
	Total Defensive			30.0%
Risk Level^	Risk Band 6: High (4 to less than 6 estimated negative annual returns over any 20-year period).			

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Future Super Balanced Impact Investment Option

Suitability	Future Super Balanced Impact investment strategy is suitable for members comfortable with accepting short term market/performance volatility in order to achieve higher long-term returns. This product is intended for everyday Australians who want to shift their retirement savings away from companies and activities which are harmful to the environment and society and instead want to see their super invested in companies and activities which make a positive impact.			
Investment Strategy	Future Super Balanced Impact aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. Future Super's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. * This option aims to provide investors with the highest possible returns consistent with a "balanced growth" investment strategy. through investment in companies and assets and will avoid investment in the companies who provide services or finance to the fossil fuel industry. Specific allocations may vary but the Future Super Balanced Impact will retain a broad 65/35 split between growth and income assets and a bias toward Australian assets.			
Investment Return Objective	Future Super Balanced Impact aims to track or outperform the Consumer Price Index (CPI) + 2.5% per annum over rolling 10-year periods (after fees and taxes).			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares*	45%	15%	29%
	International shares*	45%	15%	29%
	Other**	25%	0%	7%
	Total Growth			65.0%
	Australian fixed interest	40%	15%	30%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2 %	5%
	Total Defensive			35.0%
Risk Level^	Risk Band 6: High (4 to less than 6 estimated negative annual returns over any 20-year period).			

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Future Super Renewables Plus Growth Investment Option

Suitability	Future Super Renewables Plus Growth investment strategy is suitable for members comfortable with accepting short term market/performance volatility in order to achieve higher returns.			
Investment Strategy	<p>Future Super Renewables Plus Growth aims to invest in a diverse mix of assets with the majority in growth assets such as shares and a modest investment in defensive assets such as cash and fixed interest. Future Super's exposure to these asset classes will be obtained primarily by holding assets directly, including exchange traded funds. This option aims to provide investors with the highest possible returns consistent with a "growth" investment strategy. Specific allocations may vary but Future Super Renewables Plus Growth will retain a broad 75/25 split between growth and income assets, with a bias toward Australian assets. The option is invested using both a negative and positive ethical screening process.</p> <p>Ethical considerations for this investment pool are set out below. The Future Super Renewables Plus Growth investment strategy will target a 20% exposure to renewable energy through a diversified range of assets across all of Australian shares, international shares, private equity, infrastructure and various types of debt including, but not limited to, corporate bonds and secured notes.</p>			
Investment Return Objective	Future Super Growth aims to track or outperform the Consumer Price Index (CPI) + 2.5% per annum over rolling 10-year periods (after fees and taxes).			
Investor Horizon	Minimum 4 – 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares*	45%	15%	31.5%
	International shares*	45%	15%	31.5%
	Alternatives – Other**	25%	0%	12%
	Total Growth			75.0%
	Australian Fixed interest	40%	15%	20%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2%	5%
	Total Defensive			25.0%
Risk Level^	Risk Band 6: High (4 to less than 6 estimated negative annual returns over any 20-year period).			

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Investment options – Pension members

Future Super Balanced Growth Pension Investment Option

Suitability	Future Super Balanced Growth Pension investment strategy is suitable for members seeking both growth and income from their retirement savings and a balance between risk and return. This product is intended for everyday Australians who want to shift their retirement savings away from companies and activities which are harmful to the environment and society, and instead want to see their super invested in companies and activities which make a positive impact.			
Investment Strategy	Future Super Balanced Growth Pension aims to invest in a diverse mix of assets with the majority in growth assets such as shares, and a modest investment in defensive assets such as fixed interest and cash. Specific allocations may vary but Future Super will retain a broad 70/30 split between growth and income assets, with a bias toward Australian assets. The option aims to invest in a diverse mix of assets with the majority in the growth assets such as shares, and a modest investment in defensive assets such as cash and fixed interest. The option's exposure to these asset classes will be obtained primarily by holding assets directly, including Exchange Traded Funds. * This option aims to provide investors with the highest possible returns consistent with a "growth" investment strategy, through investment in companies and assets, and will avoid investment in the companies who provide services or finance to the fossil fuel industry.			
Investment Return Objective	Future Super Balanced Growth Pension aims to track or outperform the Consumer Price Index (CPI) + 2.50% per annum over rolling 10-year periods (after fees and taxes).			
Investor Horizon	Minimum 4- 6 years			
Asset Classes and Benchmark Allocation		Upper Limit	Lower Limit	Benchmark
	Australian shares*	45%	20%	35%
	International shares*	45%	20%	35%
	Alternatives – Other **	5%	0%	0%
	Total Growth			70%
	Australian fixed interest	45%	15%	25%
	International Fixed Interest	15%	0%	0%
	Cash	20%	2%	5%
	Total Defensive			30%
Risk Level	Risk Band 6: High (4 to less than 6 estimated negative annual returns over any 20-year period).			

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Investment allocation

Gross assets of the Fund as 30 June 2020

The following table provides information on the portfolio allocation for all of the Future Super Fund investment options as at 30 June 2020.

	30 June 2020	
	% of Assets	Amount \$
Australian shares*	31.84%	215,915,066
International shares	31.87%	216,109,480
Alternatives / Other	4.09%	27,718,909
Fixed Interest	23.05%	156,291,310
Cash	9.15%	62,028,535
Total Assets	100.00%	678,063,300

Using derivatives

The Trustee does not enter into any derivatives contracts on its own account. However, external managers may use derivatives instruments and hedging procedures to protect an investment from adverse movements in the investment market, but may not gear the investment ('Gearing' is a measure of borrowing against assets or borrowing to fund investments). The Fund holds no derivatives.

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Investment managers

Significant investments

The assets of the Fund are invested in a range of investment funds or products. The table below provides information regarding the Fund's total holdings in the investment funds or products of the underlying fund managers managed the investment funds or products in which assets of the Future Super Fund were invested as at 30 June 2020.

As at 30 June 2020 assets inside Future Super which individually represent more than five (5) per cent of total assets (or the ten (10) highest percentage assets) were:

Assets	%	\$
BetaShares Global Sustainability Leaders ETF Units Fully – Shares	31.87%	216,109,480
BetaShares Australian Sustainability Leaders ETF Units -Shares	30.02%	203,583,479
Cash at Bank HSBC Bank Australia	8.67%	58,786,140
BetaShares Sustainability Leaders Diversified Bond ETF – Fixed Interest	6.06%	41,091,897
Infradebt Ethical Infrastructure Debt Fund	3.89%	26,352,782

Note: the underlying fund managers utilised by the Trustee for investment of the Fund's assets may be changed from time to time at the absolute discretion of the Trustee. They are shown in this report to provide historical information about the investments of the Fund during the year. You have no ability to choose the underlying fund managers utilised by the Trustee.

Other considerations

Derivatives

The Trustee does not permit any investments directly in any futures, options or other derivative instruments. However, external managers may use derivatives in managing pooled investment vehicles in which the Trustee invests. Derivatives may be used for the purpose of hedging transactions and managing risk.

Socially responsible investments

The Trustee, with the assistance of its service providers, takes the above environmental, social, ethical and labour standards into account, in the selection, retention or realisation of investments. Future Super's Investment Committee draws on internal and external specialists to construct an approved investment list for the Investment Manager, and to ensure Future Super's investments are consistent with these Future Super Values. Please refer to the PDS for further information on Future Super's screening process which assist construction of the approved investment list.

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News in superannuation

This update was compiled as at October 2020 and is subject to change. For up to date information relating to taxation of superannuation, go to ato.gov.au or contact the Fund.

It's been another significant financial year, with further changes to laws by the Federal Government for superannuation, as well as amendments to support the economy through COVID-19, with certain opportunities becoming available, some of which may apply to you.

Contributing to Super

The 'work test'

From 1 July 2020, Australians aged 65 and 66 don't need to meet the 'work test' to make a voluntary contribution.

However, the 'work test' is still applicable after you turn age 67 up until you turn age 75. To meet the 'work test' you must be gainfully employed or self-employed (for reward) for a period of at least 40 hours in a period of 30 consecutive days in the financial year in which the contribution is made.

'Work Test exemption'

For individuals aged 65 to 74, the 'work test exemption' has applied since July 2019.

To meet the criteria, you must have:

- Satisfied the work test in the financial year preceding the year in which you made the contribution,
- A total superannuation balance of less than \$300,000 at the end of the previous financial year, and
- Not previously used the work test exemption.

From age 75

At age 75 or older, you can no longer make any after tax contributions to your super, even if you satisfy the work test or the work test exemption and your total super balance is less than the Total Superannuation Balance Cap. There is one exception. You can make a voluntary personal contribution provided it is received by the fund within 28 days of the date on which you turn 75. The Total Superannuation Balance Cap is currently \$1.6 million and includes all accumulation and pension superannuation assets.

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Spouse Contributions

If you are eligible, your spouse can make after tax contributions to your super on your behalf.

From 1 July 2020, the age limit for spouse contributions has risen from age 69 to age 74. If you are aged 67 to 74 you will still need to meet the work test or satisfy the work test exemption criteria. Previously, you were eligible if you had not reached age 65, or you had reached preservation age but were aged up to age 69 and met the work test or work test exemption. The contribution must also be paid from an account in the name of your spouse or a joint account where your spouse is an account holder.

A 'spouse' includes your husband or wife via marriage or a person you are in a relationship that is registered under certain state or territory laws or another person, who although not legally married to you, lives with you on a genuine domestic basis in a relationship as a couple.

Contributions Caps

There are limits to the amounts of contributions you are able to make to your super each financial year in order to be taxed at lower rates. These limits are called contribution caps. The cap amount and how much tax you need to pay depends on your age, the financial year that the contribution relates to and whether the contributions are concessional (before-tax) or non-concessional (after-tax) contributions.

Caps for the upcoming financial year 2020-2021:

- the concessional contributions cap is \$25,000 irrespective of your age.
- the non-concessional contribution cap is \$100,000 per year.

Carry Forward arrangements

Concessional cap – Carry forward arrangements

Since 1 July 2018, you have been able to carry forward an unused amount of your concessional contributions cap. The first year in which you have been able to increase your concessional cap by the amount of unused cap was 2019-20, but only if you had a total super balance of less than \$500,000 at the end of 30 June in the previous year. Unused amounts are available to you for a maximum of five years, and will expire after this if not used.

Non Concessional contribution cap – Bring Forward arrangements

For the 2020-21 financial year, it was proposed to extend the non-concessional cap bring-forward rule to people up to the age of 67. However, at the time of writing, this is not yet law. Currently, if you are under age 65, and are eligible, you may be able to make non-concessional contributions up to three times the annual non-concessional contributions cap in a single year in any one three-year-period.

That is, you can contribute up to \$300,000 in any one three-year period, depending on your total superannuation balance. This means, that when you make contributions greater than the annual cap, you automatically gain access to future year caps. You can then make further non-concessional contributions after the end of that three-year period, up to your non-concessional contribution cap, provided your total superannuation balance is still less than \$1.6 million.

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Further information including eligibility criteria can be found in the Super caps, rates and thresholds factsheet available on the Funds Secure Online Portal or at ato.gov.au/super. Contribution caps may change from time to time. Refer to ato.gov.au/super for up to date information.

Accessing your super early

There are very limited circumstances when you can access some or all of your super before you reach your preservation age or retire. These circumstances are related to specific medical conditions, severe financial hardships, or specific legislation such as the First Home Super Saver scheme (FHSS).

The First Home Super Saver (FHSS) scheme

Since 1 July 2018, you've been able to withdraw up to \$30,000 you may have voluntarily contributed to your super account since 1 July 2017 for the purposes of buying your first home. The benefit of this scheme is that because your deposit is being saved through super, you could pay less tax than on outside-super savings.

There have been some changes to the FHSS scheme which came into effect on 1 July 2019. These were:

- The FHSS scheme can only be used to buy a home in Australia,
- You must apply for and receive a FHSS determination from the Australian Taxation Office before signing a contract for your first home or applying for the release of your FHSS savings, and
- You have 12 months from the date you made a release request to either sign a contract to purchase or construct your home (and notify the ATO within 28 days of signing) or re-contribute the assessable amount FHSS amount (minus withheld tax) into your super and notify the ATO within 12 months of the valid release request date.

Financial hardship and Incapacity

Early access from super can be considered as follows:

By application to the Fund for consideration by the Trustee:

- Severe financial hardship,
- Temporary incapacity,
- Permanent incapacity, and
- Terminal illness.

By application via my.gov.au and regulated by the ATO:

- COVID-19 early release from super,
- Compassionate grounds, and
- First home super saver scheme

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Coronavirus Economic Response Package Omnibus Bill

Changes were made to super by the Federal Government as part of the coronavirus Economic Response Package Omnibus Bill 2020 which received Royal Assent on 24 March 2020. The two measures which impacted super were the Temporary Early Access to Superannuation (Early release) and Superannuation Drawdowns.

COVID-19 Early release from super

From 20 April 2020, members with super accounts were able to apply for an early release of up to \$10,000 of their super. Members were also able to apply for an additional release of \$10,000 from 1 July 2020 up until 24 September 2020. Subsequently, the Government made a further change enabling the additional release of \$10,000 post 1 July 2020 to continue up until 31 December 2020.

Amounts paid from a members super Account will be tax free, will not affect Centrelink or Veteran's Affairs payments. The amounts will be treated as non-assessable non-exempt income, will not be counted as income and will not be considered under any income or means test. Members can only apply once in each financial year, so can make two applications at most per person.

In addition, members who satisfy a financial hardship or compassionate condition of release can still apply for these in addition to the early release of super.

Details on meeting eligibility requirements, and accessing funds for the 'COVID-19 Early Release from Super' can be found at ato.gov.au/super, including ato tv outlining how easy it is to set up a MyGov account. A summary of information around Financial Hardships options can also be found in the Additional Information Guide of the Fund.

Superannuation Drawdowns

Changes to superannuation drawdowns were effective from 25 March 2020. The minimum drawdowns were reduced to provide support for retirees to enable them to manage market volatility and reduce the impact of the downturn on retirement savings in the drawdown phase.

For the 2019/2020 financial year, and carried over for the full 2020/21 financial year, pension payment minimum amounts were halved for:

- Account based annuities and pensions including transition to retirement income streams,
- Allocated annuities and pensions,
- Market-linked annuities and pensions also known as term allocated pensions.

Options provided included:

- submit new instructions to vary pension drawdown amounts, or to
- continue on as normal.

If the Fund did not receive any new instructions from you to amend pension payments, the Trustees' default position was for the administrator to continue to drawdown at the pre-existing level. This meant, the new pension minimums were applied on an opt-in basis for the remainder of the financial year, and continuing into the 2020/21 financial year.

FUTURE SUPER

Transition to Retirement Pensions are a form of an account-based pension, and have both minimum and maximum payments to consider when opting in and lodging a superannuation drawdown.

To halve or minimise your pension income stream, you need to 'opt in' and provide a new pension payment instruction. This can be done by:

- Forwarding in a letter request by email, ensuring it is clear what you are asking for, or
- Forwarding in a completed and signed pension payment request form.

Further information on both Superannuation Drawdowns can be found at ato.gov.au/super.

FUTURE SUPER

Protecting Your Superannuation Package Legislation

Changes to your insurance cover

Protecting Your Superannuation Package legislation came into effect from 1 July 2019. This required funds to cancel members' insurance cover when an account is considered "inactive" – that is, the account hasn't received a contribution or rollover for 16 months (regardless of your account balance), and you have not advised us that you want to keep your insurance cover.

The Fund regularly communicates with members to provide notifications of the possible cancellation of their insurance at 9 months, 12 months and at 16 months after the account has last received a contribution. Where members wish to retain their insurance cover, they may 'opt in' by completing, forwarding or emailing to the Fund the opt in to maintain or reinstate insurance cover form. This form can be found on the Secure Online Portal in the FAQ/Forms tab.

Caps on certain fees

Since 1 July 2019, a cap has been applied on administration fees, investment fees and certain costs charged to your account if your account has a balance of \$6,000 or less on the last day of the financial year (or when the account is closed). The first year this has been applied is as at 30 June 2020.

That cap for those with a balance of \$6,000 or less is 3% of your account balance. If you're charged more than this during the financial year, you'll be refunded the excess within three months from the end of the financial year, or at the time you close your account. In addition to the above, exit fees have been banned on all super accounts. Please note that other fees might still apply.

Unclaimed Super Monies Act (Amendment)

Note: The unclaimed super monies payment due to be paid by the Fund in April 2020 was deferred until 31 October 2020 due to COVID-19.

Treatment of inactive low-balance super accounts

Since 31 October 2019, if you have had an inactive low-balance account, the ATO will try to match said account with your active one. This also applies to accounts identified as being low-balance and inactive from 30 June 2019, which if they have not been activated, must be transferred to the ATO by 31 October 2019.

The exception to this is where you have provided a written notice to the ATO declaring that you are not a member of an inactive low balance account. If this applies to you, you can authorise the Fund to provide the written notice to the ATO on your behalf. The notice must be provided to the commissioner of Taxation on or before the relevant due date for the payment to the ATO.

The notice is valid for 16 months, and after that period if your Account remains an inactive low balance Account, you will need to complete another declaration every 16 months if you wish your funds to remain in your Account.

FUTURE SUPER

Further information on unclaimed super monies and inactive low-balance super accounts can be found in the Important Information section of this Annual Report or on the ATO website at www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts.

Alternatively, if you make a contribution or rollover to your Account, make changes to your insurance, or change your investment options, before the transfer date, your account will be considered 'active' and won't be closed or transferred to the ATO.

Putting Members Interests First Act 2019

This Bill was passed by Federal Parliament in September 2019, and came into effect on 1 April 2020.

It is designed to protect low balance accounts and the superannuation savings of members aged under 25 from balance erosion due to insurance coverage they may not need.

From 1 April 2020, insurance cover is now only offered on an opt-in basis – meaning you'll have to choose to participate in insurance cover, rather than having it applied by default – if you're under 25 or have a balance less than \$6,000.

There is one exception to this, and that's if you work in what's determined to be a "dangerous occupation" such as the police force, truck driving, farming or concreting. Default Insurance Cover held should also be considered, as certain occupations including those noted as 'dangerous' are excluded from cover.

Further information on PMIF Frequently Asked Questions can be found on the Federal Government website <https://www.apra.gov.au/putting-members-interests-first---frequently-asked-questions>.

FUTURE SUPER

Important information Abridged financial information

Set out below is the abridged financial information relating to the Future Super Fund.

Statement of Financial Position as at 30 June

ASSETS	2020 (\$'000)	2019 (\$'000)
Cash and cash equivalents	66,748	23,694
Investments held at fair market value	699,874	444,995
Receivables		
– Interest receivable	–	316
– Distributions and dividends receivable	89	424
– GST receivable	184	20
Other assets		
– Current tax asset		–
– Deferred tax assets	16	57
Total Assets	766,911	469,506
LIABILITIES		
Accounts payable and accrued expenses	1,123	750
Successor fund transfer payable		–
Benefits payable	1,183	324
Current tax liabilities	1,176	3,664
Deferred tax liabilities	4,518	3,139
Total liabilities excluding member benefits	8,000	7,877
NET ASSETS AVAILABLE TO PAY BENEFITS	758,912	461,629
Member benefits	755,065	458,607
TOTAL NET ASSETS	3,846	3,022
EQUITY		
– Operational Risk Reserve	1,629	1,000
– Expense Reserve	703	232
– Unallocated Surplus	1,515	1,790
TOTAL EQUITY	3,846	3,022

FUTURE SUPER

Future Super Fund Statement of member movements (as at 30 June 2020)	2020	2019
	\$'000	\$'000
OPENING NET ASSETS	440,709	330,471
INCREASE (DECREASE)	227,659	110,238
CLOSING NET ASSETS	668,368	440,709

*The Funds financial accounts have been prepared in accordance with accounting standard AASB1056 Superannuation Entities applicable to reporting periods on or after 1 July 2016. The Funds financial accounts and audit report can be made available to members on request by phoning the Future Super Fund (Refer Directory on the back page).

Reserves

The Trustee maintains the following reserves in the Fund for the benefit of members. Reserves are held to meet licence conditions, facilitate administration efficiency and are invested for the benefit of members.

Operational Risk Financial Requirement

Trustees of super funds are required to establish and maintain an Operational Risk Financial Reserve (ORFR) which complies with prudential requirements to ensure that the Trustee has sufficient financial resources to provide for member and/or beneficiary losses arising from an operational risk event such as incorrect benefit payments due to human or system error, unit pricing errors and loss of data. The reserve is funded from fees and other costs. Expense recovery fees may include a transfer to the ORFR to meet this regulatory requirement. Please refer to the current PDS and PDS Guides for more information.

Future Super Fund ORFR (as at 30 June 2020)	2020	2019	2018
	\$'000	\$'000	\$'000
CLOSING BALANCE	1,629	1,000	857

Expense reserve

The Trustee maintains an expense reserve (ER) for costs not related to the administration of the fund. The expense reserve complies with prudential requirements and is utilised for the payment of fund fees, costs, tax and levies. Please refer to the current PDS and PDS Guides for more information.

Future Super Fund Expense Reserve (as at 30 June 2020)	2020	2019	2018
	\$'000	\$'000	\$'000
CLOSING BALANCE	693	232	80

FUTURE SUPER

Buy/Sell costs

When a member buys or sells units, this initiates a need for the Trustee to trade the underlying assets that relate to the particular investment transaction. This trading generates transaction costs such as brokerage, settlement costs (including custody costs), government taxes/duties/levies, bank charges and Account transaction charges which are paid from the investment option.

These transaction costs are reflected in a buy/sell spread that is taken into account in the calculation of unit prices. The buy/sell spread is the difference between the entry price and exit price of units and is an additional cost incurred by members each time they invest (including via rollovers from other funds) or withdraw funds. The buy/sell spread is retained within Future Super and contributes towards the transaction costs associated with Future Super buying or selling assets in relation to investment transactions initiated by members or relating to the administration of member Accounts.

The spread ensures that those members joining or leaving Future Super or product, or switching investment options, contribute towards these transaction costs and other investors who are not joining, leaving or switching investments at that particular time are not disadvantaged.

The buy/sell spread for the investment option is made up of the following costs:

Future Super – Investment Strategy	Buy	Sell
Future Super Balanced Impact – Accumulation	0.07%	0.07%
Future Super Renewables Plus Growth – Accumulation	0.075%	0.075%
Future Super Balanced Index – Accumulation	0.07%	0.07%
Future Super Balanced Impact – Pension	0.07%	0.07%

Allocating net earnings to members' Accounts

As Future Super is a unitised fund, your Account balance is equal to the amount of units held multiplied by the applicable unit price(s). The value of each unit held and the unit price for each investment option changes with the value of the underlying assets of the investment option.

The unit pricing process for pooled investment options:

- We calculate the value of the underlying assets of each pooled investment option once every day.
- The value of the underlying assets is divided by the number of units on issue for that investment option.
- This is the unit price that will be applied to your transaction request.

Sometimes unit pricing errors may occur. In the event that a material unit price error is detected and requires rectification, the Trustee may apply a fixed dollar minimum of \$20 when determining whether exited (former) members affected by the error should be compensated.

Refer to the current PDS for more detailed information about the calculation of earnings. The PDS is available by contacting us on 1300 658 422. Refer to your Annual Member Statement for information the net investment performance for your portfolio of investments.

FUTURE SUPER

Types of unclaimed super

Superannuation legislation requires the Trustee of the fund to transfer information and superannuation benefits to the Australian Taxation Office (ATO) when member benefits are classified as Unclaimed Super. There are two ATO reporting periods each year (by 31 October for the 30 June six-month period, and by 30 April for the 31 December six-month period).

- Member aged 65 years or older– your Account has been inactive for two years or more, and we have not been able to make contact with you for five years.
- Non-member spouse – An amount payable to a non-member spouse as a result of a family law superannuation split, and after making reasonable efforts to contact, the non-member spouse, and after a reasonable period has passed, we are unable to ensure that the non-member spouse will receive the amount.
- Deceased member – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
- Temporary residents – temporary residents permanently leaving Australia have up to six months to claim their super and if not claimed the amount will be transferred to the ATO.
- Former temporary resident member and you have not claimed your benefit after six months from your visa expiry or cancellation date and you are not an Australian or New Zealand citizen.
- Small and insoluble lost member – when your balance is less than \$6,000 (small lost member Account). and you are considered as:
 - uncontactable – two pieces of mail sent to you have been returned undelivered, no contributions or rollovers have been received within the last 12 months, and the fund is satisfied that it will never be possible to pay an amount to the member (insoluble lost member Account).
- Holding an inactive low-balance account – A super account is an inactive low-balance Account if all of the following criteria are met on unclaimed money day where:
 - no contribution or rollover has been received for 16 months,
 - the account balance is less than \$6,000,
 - the member has not met a prescribed condition of release,
 - the account is not a defined benefit account,
 - there is no insurance on the Account,
 - the Fund is not a self-managed Super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.

FUTURE SUPER

When is an inactive low-balance Account considered active?

An inactive low-balance Account is deemed to be active if any of the following have occurred within the last 16 months. The member:

- Changed their investment options,
- Changed or elected to maintain the insurance coverage,
- Made or amended a binding beneficiary nomination,
- Notifies the Fund or ATO in writing that they are not a member of an inactive low-balance Account, or
- Owes the super provider an amount in respect of their membership.

Further information can be obtained from the website [ato.gov.au/Individuals/Super/Growing your super](http://ato.gov.au/Individuals/Super/Growing_your_super).
Member statements

Your Annual Member Statement is published online within your Account, you can access this via the Super tab/Report inbox in the Secure Online Portal. Additionally, we also publish product updates and personalised communications online.

Superannuation surcharge tax

While the superannuation surcharge was abolished with effect from 1 July 2005, the ATO may still issue assessments in relation to previous years. Any amounts dedicated by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.

Temporary residents

If you have worked in Australia on a temporary visa and you have super in Australia, you can apply after you leave Australia, to have this super paid to you as a departing Australia superannuation payment (DASP). If you have not claimed your super after you have left Australia for at least 6 months, and your visa has expired or been cancelled, your super will be transferred to the ATO as unclaimed super money. You can subsequently access your benefit from the ATO. The ATO can be contacted on 13 10 20. We are not obliged to notify or give an exit statement to you if we transfer your super to the ATO after you depart Australia.

There are limited conditions of release available to a member who is or was a temporary resident. Accounts in respect of all temporary resident members (irrespective of whether or not they have left Australia) will only be able to be released under the following conditions:

- death or terminal medical condition,
- permanent incapacity,
- departing Australia permanently – applies to temporary residents who apply in writing for release of their benefit,
- Trustee payments to the ATO under the Superannuation (Unclaimed Money and Lost Members) Act 1999, or
- temporary incapacity and/or release authorities under the Income Tax Assessment Act 1997.

Note: If you are a New Zealand citizen or you become an Australian citizen or permanent resident these changes will not apply to you.

FUTURE SUPER

Eligible rollover fund

Subject to any obligation to pay lost member benefits to the ATO, in situations where your member benefit is classified as lost super monies, there are circumstances in which the Trustee would pay a member benefit to an eligible rollover fund (ERF). An ERF receives and invests the entitlements of superannuation fund members in certain circumstances

The Trustee may transfer your superannuation benefit to the Plan's ERF if you become:

- an inactive member (that is, you joined the Plan more than 16 months ago, but in the last 16 months there have been no contributions or rollovers credited to your Account), or
- a lost member (that is, two items of written communication from the Plan have been sent to your last known address and have been returned unclaimed).

Being transferred to an ERF may affect your benefit because:

- you will cease to be a member of the Plan,
- any insurance cover you had with the Plan will cease, and
- you will become a member of SMERF and be subject to its governing rules.

The ERF currently selected by the Trustee is:

Super Money Eligible Rollover Fund (SMERF)

Phone: 1300 114 380

Write: PO Box 1282,
Albury NSW 2640

Visit: www.smerf.com.au

Disclosure of Interest

The Trustee is also the Trustee of SMERF and receives remuneration in this capacity.

The future of ERFs

The Government has been working towards the closure of Eligible Rollover Funds, however due to COVID-19 the effective date of the proposed change was deferred until 2021. The Trustee is monitoring the passage of the Treasury Laws Amendment (Reuniting More Superannuation) Bill 2020, and if passed, will issue communications to all members advising of the change.

FUTURE SUPER

Conflicts

The Trustee's approach to conflicts management is governed by its Conflicts Management Policy, which sets out the principles and the minimum requirements of the Trustee. Conflicts are identified, recorded and managed on an ongoing basis via the Trustee's registers of relevant duties and interests and via other related Trustee policies, systems and processes. Training and awareness with respect to the Trustee's Conflicts Management Framework is undertaken annually. Further information can be found at www.diversa.com.au/trustee/governance.

Enquiries and Complaints

The Trustee has set up a formal procedure for dealing with complex enquiries and complaints about your Future Super Account, including insurance. You can make an initial enquiry by phoning Future Super, or you can formally register your complaint by email or by writing to the Complaints Officer: A summary of the enquiries and complaints process will be provided with an acknowledgement at the time of your enquiry or complaint.

Phone: 1300 658 422

Write: Complaints Officer Future Super Fund
PO Box 1282
Albury NSW 2640

We aim to resolve all complex enquiries and complaints quickly and fairly. If you are not satisfied with the final decision, or we have not responded within 90 days from the date that your complaint is received, you may lodge a complaint with the Australian Financial Complaints Authority (AFCA), our external dispute resolution (EDR) scheme.

AFCA

AFCA is an EDR scheme that deals with complaints from consumers in the financial system. AFCA replaced the Superannuation Complaints Tribunal. Strict time limits apply for lodging certain complaints with AFCA; otherwise AFCA may not be able to deal with your complaint.

To find out if AFCA can handle your complaint and determine the type of information you need to provide, AFCA contact details are as follows:

Phone: 1300 931 678

Email: info@afca.org.au

Write: Australian Financial Complaints Authority (AFCA)
GPO Box 3
Melbourne VIC 3001

Visit: www.afca.org.au

FUTURE SUPER

Information on request

The following information is available on the Fund website www.myfuturesuper.com.au and/or by contacting Future Super during office hours, or write to Future Super at GPO Box 1858, Sydney NSW 2001 (refer to the Directory on the back page):

- the Fund's various Product Disclosure Statements (including Investment Guide, Insurance Guide and Additional Information Guide which are incorporated by reference, where applicable),
- the Fund's regular investment performance
- recent member newsletters,
- the Fund's Trust Deed and Rules,
- all forms, e.g., the Nomination of Beneficiaries Form,
- information about your benefit entitlements, and
- any other information that may help you understand particular investments of the Fund or its management.

Disclaimer

Reasonable care is taken to ensure that information is correct, but neither the Trustee nor its service providers accept responsibility for any errors, misprints or for anyone acting on this information. The Trustee reserves its right to correct any errors or omissions.

The terms of your membership in the Fund are set out in the Fund's Trust Deed and any applicable insurance policy and PDS. Should there be any inconsistency between the Trust Deed and other documents, the terms of the Fund's Trust Deed will prevail. The Trustee reserves the right to amend the terms and conditions of the Fund in accordance with the provisions of the Trust Deed and superannuation law. The Trustee may also withdraw the PDS and close the Fund.

FUTURE SUPER

Directory

Obtaining further information

Future Super

Phone: 1300 658 422
Website: www.myfuturesuper.com
Mail: PO Box 1282
Albury NSW 2640

Trustee

Diversa Trustees Limited
ABN 49 006 421 638 AFSL No. 235153
RSE Licence No L0000635
GPO Box 3001
Melbourne VIC 3001

Auditors

PricewaterhouseCoopers
ABN 52 780 433 757
Freshwater Place
2 Southbank Boulevard
Southbank VIC 3006

Custodian

RBC Investor Services Australia
Nominees Pty Limited
ABN 70 097 125 123
Level 47, 2 Park Street
Sydney NSW 2000

Investment Manager

Future Super Investment Services Pty Ltd
ABN 55 621 040 702 AFSL Rep. No. 001271441
Corporate Authorised Representative
of Future Super Holdings Pty Ltd
ABN 90 167 800 580 AFSL 482684
GPO Box 1858
Sydney NSW 2001

Insurer

AIA Australia Limited
ABN 79 004 837 861 AFSL 230043

Promoter

Future Super Investment Services Pty Ltd
ABN 55 621 040 702 AFS Rep. No. 001271441
Corporate Authorised Representative
of Future Super Holdings Pty Ltd
ABN 90 167 800 580
AFSL 482684
GPO Box 1858
Sydney NSW 2001

Administrator

OneVue Super Services
ABN 74 006 877 872 AFSL No. 246883
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