

# 2020 Annual Report

# Contents

About this Annual Report.....	2
Welcome to the Annual Report for 2020 .....	3
Governance .....	4
Investments options.....	6
Investments options.....	8
Investment options.....	17
Investment allocation.....	18
Investment performance.....	21
Investment managers.....	22
Investment managers.....	23
News in Superannuation.....	24
Important information .....	28
Directory .....	35

## About this Annual Report

This Annual Report is for members of LESF Super, ABN 13 704 288 646; referred to in this Annual Report as LESF or 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 LESF Super.

The information in this document is intended to provide you with general information only and does not take into account any one of your personal objectives, financial situation and needs. Before making any financial decisions about LESF 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 Adviser Services on 1800 359 686 or online at [www.lesf.com.au](http://www.lesf.com.au). You should consult a financial adviser if you require personal financial advice.

# Welcome to the Annual Report for 2020

---

Dear Members

It's been over half a year since the COVID-19 pandemic swept the world, and we're all left with a lot of questions.

These questions include ones regarding our safety, the possibilities of a vaccine on the horizon, how long it will take for the world to recover and many others. While some parts of Australia are looking closer to a recovery than others, the very nature of this situation means that what affects one of us affects us all.

Certainly, one of the biggest questions on our mind as Promoter has been about the effects on the Australian economy - and, as a consequence, our members' superannuation. Many markets throughout the world - Australia included - saw contractions especially in the early days of the pandemic, but many are also on the road to recovery faster than worst-case scenarios predicted.

It's important to remember, though, that your super has been invested with the long-term very much in mind. Our focus is on sustainable returns throughout your superannuation journey, and that means that short-term market movements - even those as difficult to predict as the ones related to COVID-19 - have been factored into our investment strategy.

The Asset Consultant to LESF Super, Mercer Investments (Australia) Limited has noted there are numerous signs which give them cause to be cautiously optimistic. However, whether the recovery can be sustained beyond the immediate rebound remains highly dependent on containing further spread of the virus and the timing and success of treatments or a vaccine which will help life return to a new normal.

No matter how long it takes for the economy to recover from COVID-19, we're continuing to work on building our members' superannuation through your working life and into retirement.

**Marcus Field**

On behalf of the Promoter

**OneVue Wealth Services Ltd**

# 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 board of Trustees 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 or in connection with the management of the Fund. Any 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.

## The Trust Deed

The governing rules of the Fund are set out in the LESF Trust Deed. The Board has some powers to alter the Trust Deed. A copy of the Fund Trust Deed can be found online at [lesf.com.au](http://lesf.com.au).

## Compliance

LESF is regulated by 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.

# Investments options

## ECONOMIC AND FINANCIAL MARKET REVIEW AND OUTLOOK – FINANCIAL YEAR 2020

The 2020 financial year was an extraordinary one for society, financial markets and the global economy



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)	-1.5%
*Capital and Income	0.8%
Cash	4.2%

\* Data source: Thomson Reuters DataStream and MSCI.

Most financial markets posted strong gains through the first half of the financial year into January 2020, with many asset sectors posting all-time highs. The world then changed dramatically with the outbreak of COVID-19, which spread across the globe in February before being declared a pandemic on 11 March - the singular most important event defining the last 12 months. The devastating health crisis and the enormous efforts to contain it has dominated our lives and financial markets since early 2020.

From late January, governments started to impose lockdown measures on businesses and the movement of people to protect public health. To limit economic contraction and support financial markets, central banks and governments around the world cut interest rates and increased spending. While their responses helped to support



markets and economies, they weren't able to prevent the largest economic shock since the 1930s. Lockdowns around the world caused many people to lose jobs or experience a fall in incomes. Unemployment numbers in most parts of the world quickly reached levels not seen for decades.

In Australia, the unemployment rate rose significantly (the highest jobless rate since 1998) as parts of the economy especially tourism, leisure, hospitality, transport and retail came to a standstill. The job losses, combined with a decline in the volume of goods and services produced, pushed Australia into its first recession in 30 years.

Global share markets experienced a substantial sell-off in March, triggered by fears of the spreading virus and the implications for economies. However, after short but very sharp declines share markets around the world recovered strongly into the financial year end. This recovery was not universal across all market sectors.

On the Australian share market, the best performing sectors for the financial year included Consumer Durables & Apparel (+45.9%), Pharmaceutical & Biotech (+32.3%), Software & Services (+19.9%) and Retail (+15.2%)\*. At the other end of the scale, Energy, Banks and Insurance all recorded substantial losses.

\*Data source: Australian Securities Exchange (ASX).

Bond markets performed relatively well over the year as interest rates across the maturity spectrum declined. It was a very volatile year for the Australian currency. The Australian dollar began the year around US70 cents and fell to an 18-year low of US55 cents in March before recovering back to the US70 cent level by financial year end. While this economic shock was severe it appears to have been relatively short lived and it was encouraging to see the financial year end with signs of an uplift in economic activity as countries emerge from lockdown.

The number of unemployed is likely to decrease as businesses re-open but regional outbreaks could lead to renewed lockdowns. The prospect of opening and then having to close again makes businesses more reluctant to invest and hire workers and discourages consumers from spending.

The current environment has become more supportive for growth asset classes as a gradual move from recession to early stages of an expansion is usually good news for businesses, which is what drives forward looking valuations. For defensive asset classes, the environment is turning less favourable as improving sentiment reduces the appeal of safe haven assets unless we see events taking a dramatic turn for the worse.

There are numerous signs which give us cause to be cautiously optimistic. However, whether the recovery can be sustained beyond the immediate rebound remains highly dependent on containing further spread of the virus and the timing and success of treatments or a vaccine which will help life return to some kind of normal.

Data source: Mercer Market insights July 2020.

**Vincent Parrott**

**Senior Investment Consultant, Mercer**

### Disclaimer

The content of this article has been prepared by Mercer Investments (Australia) Limited, ABN 66 008 612 397 (Appointed by the Trustee as Asset Consultant to the Fund). The information contained in this article is general in nature and does not take into account your personal situation. You should consider whether the information is appropriate to your needs, and where appropriate, seek professional advice from a financial adviser.

# Investments options

The tables following contain information regarding the investment options of the Fund for the financial 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. 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 1 July 2017 for transition to retirement pensions).

## LESF Super investment options as at 30 June 2020

	CASH Accumulation & Pension	MODERATE Accumulation & Pension	GROWTH (MySuper) Accumulation
WHO IS THIS INVESTMENT OPTION DESIGNED FOR?	Members who prefer low risk and a high level of security on their account balance.	Members who seek exposure to mainly defensive assets and can tolerate a moderate level of risk over three years. This option invests predominantly in defensive assets across most asset classes.	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over ten years. This option invests mainly in growth assets across most asset classes.
INVESTMENT RETURN OBJECTIVE	RBA Cash Rate	CPI + 0.5%	CI + 2.5%
MINIMUM SUGGESTED INVESTMENT TIME FRAME	1 year	3 years	10 years
STANDARD RISK BAND	1	4	5
STANDARD RISK MEASURE	Very low	Medium	High
INVESTMENT OPTION ASSET ALLOCATION RANGE	<b>Cash</b> 100%	<b>Cash</b> 12.5%-50.0% <b>Australian Fixed Income</b> 15.0%– 40.0% <b>Global Fixed Income</b> 10.0% – 30.0% <b>Australian Equities</b> 5.0%-20.0% <b>International Equities</b> 5.0%- 25.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 15.0%	<b>Cash</b> 2.0% - 15.0% <b>Australian Fixed Income</b> 5.0% – 20.0% <b>Global Fixed Income</b> 8.0% - 25.0% <b>Australian Equities</b> 17.5% - 45.0% <b>International Equities</b> 22.5% - 50.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% – 15.0%
DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE	<b>Defensive</b> 100% <b>Growth</b> 0%	<b>Defensive</b> 70% <b>Growth</b> 30%	<b>Defensive</b> 30% <b>Growth</b> 70%



	<b>HIGH GROWTH Accumulation</b>	<b>DIVERSIFIED SHARES Accumulation</b>	<b>GROWTH Pension</b>
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over seven years. This option invests predominantly in growth assets across most asset classes.	Members who seek exposure to Australian and international listed companies with a mix of index and active management.	Members who seek exposure to mainly growth assets and can tolerate a high level of risk over five years. This option invests mainly in growth assets across most asset classes.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +3.5	CPI + 4.0%	CPI + 2.5
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	7years	10 years	5 years
<b>STANDARD RISK BAND</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>STANDARD RISK MEASURE</b>	High	High	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0.0% - 10.0% <b>Australian Fixed Income</b> 0.0% – 20.0% <b>Global Fixed Income</b> 0.0% - 25.0% <b>Australian Equities</b> 25.0% - 50.0% <b>International Equities</b> 30.0% - 50.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% - 15.0%	<b>Cash</b> 0.0% - 10.0% <b>Australian Fixed Income</b> 0.0% – 0.0% <b>Global Fixed Income</b> 0.0% - 0.0% <b>Australian Equities</b> 45.0% - 55.0% <b>International Equities</b> 45.0% - 55.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% - 0.0%	<b>Cash</b> 2.0% - 15.0% <b>Australian Fixed Income</b> 5.0% - 20.0% <b>Global fixed Income</b> 8.0% - 25.0% <b>Australian Equities</b> 17.5% - 45.0% <b>International Equities</b> 22.5% - 50.0% <b>Global Listed Property &amp; Infrastructure</b> 0.0% - 15.0%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 15% <b>Growth</b> 85%	<b>Defensive</b> 2% <b>Growth</b> 98%	<b>Defensive</b> 30% <b>Growth</b> 70%

	GROW 40	GROW 50
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	Members who are comfortable with a moderate amount of volatility but want most of their balance exposed to defensive assets. With a higher allocation to fixed interest and cash, the fund is designed to reduce volatility through fixed interest exposure whilst achieving medium term growth. Members will likely experience some account balance fluctuation over the short to medium term due to the high exposure to growth assets than the capital stable fund.	For members with a time horizon of 3-5 years who are comfortable with an equal mix of growth and defensive assets This portfolio may suit members who can accept that returns may be negative in some years however expect that over the long term, the portfolio will generate capital growth above inflation.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI + 1.50% per annum over rolling 4 years	CPI + 2.00% per annum over rolling 4 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	3 - 5 years	3 - 5 years
<b>STANDARD RISK BAND</b>	4	5
<b>STANDARD RISK MEASURE</b>	Medium to High	Medium to High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 55 – 65% <b>Australian equities</b> 10 - 18% <b>International equities</b> 17 - 29% <b>Property</b> 1 – 5%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 45 – 55% <b>Australian equities</b> 13 - 23% <b>International equities</b> 21 - 36% <b>Property</b> 1 – 6%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 55 - 65% <b>Growth</b> 35 - 45%	<b>Defensive</b> 45 - 55% <b>Growth</b> 45 - 55%

	GROW 60	GROW 70	GROW 80
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	For members with a longer time horizon of at least 5-7 years who are comfortable with slightly higher exposure to growth than defensive assets. The portfolio is expected to have short term fluctuations whilst producing capital growth over medium-long term.	This option is growth orientated and better suited for long-term investors who accept some investment risk over the long term. With an investment split of 30% defensive and 70% growth, the defensive exposure should dampen the short-term fluctuations in value. Overall the portfolio will have a high exposure to shares and property to assist with providing long-term capital growth.	For members who have a strong focus on maximising capital growth over the long-term.  Members may expect high short term fluctuations in value and a higher chance of capital loss. Members who select this portfolio should be comfortable with higher risk as a trade-off for achieving their long-term investment objectives.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +2.75% per annum over rolling 6 years	CPI +3.0% per annum over rolling 6 years	CPI +3.5% per annum over rolling 8 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	5 - 7 years	5 - 7 years	7 - 10 years
<b>STANDARD RISK BAND</b>	6	6	6
<b>STANDARD RISK MEASURE#</b>	Medium/High	Medium/High	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 35 - 45% <b>Australian equities</b> 16 - 28% <b>International equities</b> 25 - 43% <b>Property</b> 1 - 7%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 25 - 35% <b>Australian equities</b> 18 - 32% <b>International equities</b> 29 - 50% <b>Property</b> 1 - 8%	<b>Cash</b> 0 - 5% <b>Fixed interest</b> 15 - 25% <b>Australian equities</b> 21 - 37% <b>International equities</b> 34 - 58% <b>Property</b> 2 - 10%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 35 - 45% <b>Growth</b> 55 - 65%	<b>Defensive</b> 25 - 35% <b>Growth</b> 65 - 75%	<b>Defensive</b> 15 - 25% <b>Growth</b> 75 - 85%

	GROW 100	GROW Industrial Tech	GROW Future Internet
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	For members who want no exposure to income/defensive assets. With a strong focus on maximising capital growth over the long-term it is like that investors may experience high short term fluctuation in value and higher chance of capital loss. Members who select this portfolio are willing to accept this higher risk as a trade-off for achieving their long-term investment objectives.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	10 years	10 years	10 years
<b>STANDARD RISK BAND</b>	6	6	6
<b>STANDARD RISK MEASURE<sup>#</sup></b>	Very High	Very High	Very High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>Australian equities</b> 26 - 46% <b>International equities</b> 42 - 72% <b>Property</b> 2 - 12%	<b>Cash</b> 0 - 5% <b>International equities</b> 95 - 100%	<b>Cash</b> 0 - 5% <b>International equities</b> 95 - 100%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%

	<b>GROW Global Sustainability</b>	<b>GROW Green Energy</b>	<b>GROW Global Property</b>
<b>WHO IS THIS INVESTMENT OPTION DESIGNED FOR?</b>	For members seeking long term returns from a portfolio of equities made of large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets. Members need to accept the risk of fluctuations in the value of their investment and that capital preservation is not guaranteed, particularly during periods shorter than the stated minimum investment horizon.	For members seeking long term returns from a concentrated portfolio of equities made of mainly medium to large companies trading on leading global stock markets.
<b>INVESTMENT RETURN OBJECTIVE</b>	CPI +4.0% per annum over rolling 10 years	CPI +4.0% per annum over rolling 10 years	CPI +3.0% per annum over rolling 10 years
<b>MINIMUM SUGGESTED INVESTMENT TIME FRAME</b>	7-10 years	10 years	7-10 years
<b>STANDARD RISK BAND</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>STANDARD RISK MEASURE<sup>#</sup></b>	Very High	Very High	High
<b>INVESTMENT OPTION ASSET ALLOCATION RANGE</b>	<b>Cash</b> 0 - 5% <b>International equities</b> 95 - 100%	<b>Cash</b> 0 - 5% <b>Australian equities</b> 0 - 10% <b>International equities</b> 85 - 100%	<b>Cash</b> 0 - 5% <b>Property</b> 95 - 100%
<b>DEFENSIVE VS GROWTH ASSET ALLOCATION RANGE</b>	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%	<b>Defensive</b> 0 - 5% <b>Growth</b> 95 - 100%

## ZUPER SUPER as at 30 June 2020

	ZUPER IMPACT			ZUPER IMPACT +		
SUSTAINABILITY	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.			Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
INVESTMENT RETURN OBJECTIVE	Zuper Impact aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.75% p.a. when measured over any 10-year period.			Zuper Impact+ aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.75% p.a. when measured over any 10-year period.		
INVESTMENT STRATEGY	The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest, cash, infrastructure, credit and fixed income.			This investment option invests in companies that demonstrate positive environment, social and governance (ESG) characteristics. The Trustee's strategy to meet the objective is to invest in growth assets (Australian and International shares), with some exposure to fixed interest, cash, infrastructure, credit and fixed income.		
MINIMUM SUGGESTED TIMEFRAME FOR INVESTING	10 years			10 years		
STANDARD RISK BAND	6			6		
RISK LEVEL	<b>High</b> Probability of a negative return in any single year is less than 20%			<b>High</b> Probability of a negative return in any single year is less than 20%		
	STRATEGIC ASSET ALLOCATION		CONTROL RANGES	STRATEGIC ASSET ALLOCATION		CONTROL RANGES
ASSET ALLOCATION	Australian Equities	32%	28% - 39%	Australian Equities (Ethical)	32%	25% - 39%
	International Equities (Ethical)	30%	23% - 37%	International Equities (Ethical)	30%	23% - 37%
	Property	8%	5% - 11%	Property	7%	4% - 10%
	Infrastructure	5%	3% - 7%	Infrastructure	8%	5% - 11%
	Credit	6%	4% - 8%	Credit	4%	2% - 6%
	Fixed Income	15%	12% - 18%	Fixed Income	15%	12% - 18%
	Cash	4%	2% - 6%	Cash	4%	2% - 6%
	Total	100%		Total	100%	



	<b>ZUPER GREEN</b>		
<b>SUSTAINABILITY</b>	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
<b>INVESTMENT RETURN OBJECTIVE</b>	Zuper Green aims to achieve a return before tax but after investment costs equal to or better than CPI plus 2.25% p.a. when measured over any 10-year period.		
<b>INVESTMENT STRATEGY</b>	This portfolio gives members exposure to clean energy businesses and 50 of the largest global companies engaged in water related business. Members can invest between 6.67% to 20% of their portfolio into Zuper Green.		
<b>MINIMUM SUGGESTED TIMEFRAME FOR INVESTING</b>	10 years		
<b>STANDARD RISK BAND</b>	<b>6</b>		
<b>RISK LEVEL</b>	<b>High</b> Probability of a negative return in any single year is less than 20%		
	<b>STRATEGIC ASSET ALLOCATION</b>		<b>CONTROL RANGES</b>
<b>ASSET ALLOCATION</b>	<b>Australian Equities</b>	0.0%	0.0%
	<b>International Equities</b>	100%	80% - 100%
	<b>International Fixed Interest (Hedged)</b>	0.0%	0.0%
	<b>Australian Fixed Interest</b>	0.0%	0.0%
	<b>Cash</b>	0.0%	0% - 20%
	<b>Total</b>	100%	

	ZUPER TECH			ZUPER HEALTH		
SUSTAINABILITY	Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.			Likely to suit members seeking mid to long-term growth of their superannuation with a medium to high level of volatility.		
INVESTMENT RETURN OBJECTIVE	Zuper Tech aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.25% p.a. when measured over any 10-year period.			Zuper Health aims to achieve a return before tax but after investment costs equal to or better than CPI + 2.25% p.a. when measured over any 10-year period.		
INVESTMENT STRATEGY	<p>This portfolio gives members exposure to fast growing tech stocks, companies with revenues from digitally focus services and businesses in the development of automatic and robotic technology.</p> <p>Members can invest between 6.67% to 20% of their portfolio into Zuper Tech.</p>			<p>This portfolio gives members exposure to global healthcare stocks pushing the boundaries in medical treatment and technology, and companies generating significant revenues from the needs of the ageing population.</p> <p>Members can invest between 6.67% to 20% of their portfolio into Zuper Health.</p>		
MINIMUM SUGGESTED TIMEFRAME FOR INVESTING	10 years			10 years		
STANDARD RISK BAND	6			6		
RISK LEVEL	<b>High</b> Probability of a negative return in any single year is less than 20%			<b>High</b> Probability of a negative return in any single year is less than 20%		
ASSET ALLOCATION	STRATEGIC ASSET ALLOCATION		CONTROL RANGES	STRATEGIC ASSET ALLOCATION		CONTROL RANGES
	International Equities	100%	80% - 100%	International Equities	100%	80% - 100%
	Cash	0%	0% - 20%	Cash	0%	0% - 20%
	Total	100%		Total	100%	

# Standard risk measure guidance: 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). For further information on Standard Risk Measures and Standard Risk Bands, please refer to the PDS and Additional Information Guide of the respective Fund or Sub Plan

# Investment options

## **Lesf and Macmahon Super (Formerly LESF Super – until 30 June 2020)**

The member Exit Statement outlines individual investment holdings in LESF Super as at 30 June 2020. If you did not select an investment option when joining LESF, your member account has been invested in the Growth (MySuper) investment option.

From 1 July 2020, and post the successor fund transfer to a sub plan of Smartsave Member's Choice Superannuation Master Plan, you will be able to continue to change your investment option selection at any time. If you wish to switch to another investment option or mix of options with Lesf and Macmahon Super, you can either log in to your online account to switch online, or download an Investment Switch form from the Funds website [www.lesf.com.au](http://www.lesf.com.au). Your current investment selection can be viewed online or by contacting LESF Member Services. For further information on member investment choice, please refer to the Lesf and Macmahon Super Product Disclosure Statement (PDS) and Guides available on the Funds website [www.lesf.com.au](http://www.lesf.com.au).

## **GROW Super**

The member Exit Statement outlines individual investment holdings as at 30 June 2020. If you did not select an investment option when joining GROW Super, your member account has been invested in the Growth (MySuper) investment option.

From 1 July 2020, and post the successor fund transfer to a sub plan of Smartsave Member's Choice Superannuation Master Plan, you will continue to be able to change your investment option selection at any time. If you wish to switch to another investment option or mix of options with GROW Super, you can log in to your online account to arrange to switch your investments.

Your current investment selection can be viewed online, or by referring to the GROW Super PDS and Guides, available on the Fund's website [www.growsuper.com](http://www.growsuper.com) or by emailing [growsuper@grow.com](mailto:growsuper@grow.com).

## **Zuper Super**

The member Exit Statement outlines individual investment holdings as at 30 June 2020.

From 1 July 2020, and post the successor fund transfer to a sub plan of Smartsave Member's Choice Superannuation Master Plan, you will continue to be able to change your investment option selection at any time. If you wish to switch to another investment option or mix of options with Zuper Super, you can log in to your online account to arrange to switch your investments.

Your current investment selection can be viewed online, or by referring to the Zuper Super PDS and Guides, available on the Fund's website [www.zuper.com.au](http://www.zuper.com.au) or by emailing [zupersuper@super.com.au](mailto:zupersuper@super.com.au).

## **AIA Group Risk Super Plan (AROSS2)**

Your member Exit Statement outlines your holdings as at 30 June 2020. As a risk only superannuation product with a specific purpose to provide group insurance in superannuation, the Trustee investment objective of this Sub Plan is to maintain the capital value of any funds held.

# Investment allocation

## Asset allocation by asset class as at 30 June 2020

The following table provides information on the portfolio asset allocation of LESF Super and sub plans GROW Super and Zuper Super as at 30 June 2020.

	CASH	AUSTRALIAN FIXED INCOME	GLOBAL FIXED INCOME	AUSTRALIAN EQUITIES	INTERNATIONAL EQUITIES	GLOBAL PROPERTY	GLOBAL INFRASTRUCTURE	ALTERNATIVES
<b>LESF SUPER (INCLUDING MACMAHON EMPLOYEES SUPER)</b>								
<b>CASH</b>	100.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>MODERATE</b>	29.80%	27.91%	12.90%	12.54%	14.28%	2.58%	0.00%	0.00%
<b>GROWTH MYSUPER</b>	10.85%	8.54%	12.33%	28.45%	32.25%	7.59%	0.00%	0.00%
<b>HIGH GROWTH</b>	7.38%	3.62%	5.23%	37.00%	43.55%	3.22%	0.00%	0.00%
<b>DIVERSIFIED SHARES</b>	3.99%	0.00%	0.00%	47.09%	48.91%	0.00%	0.00%	0.00%
<b>GROWTH PENSION</b>	15.35%	8.30%	11.14%	27.92%	31.62%	5.69%	0.00%	0.00%
<b>GROW SUPER</b>								
<b>GROW 30</b>	3.5%	0.0%	65.0%	9.6%	18.4%	3.5%	0.0%	0.0%
<b>GROW 40</b>	4.0%	0.0%	56.7%	14.7%	21.1%	4.5%	0.0%	0.0%
<b>GROW 50</b>	3.4%	0.0%	45.6%	17.6%	27.9%	5.5%	0.0%	0.0%
<b>GROW 60</b>	2.7%	0.0%	36.4%	20.7%	33.7%	6.5%	0.00%	0.0%
<b>GROW 70</b>	3.9%	0.0%	25.6%	23.6%	39.5%	7.4%	0.00%	0.0%
<b>GROW 80</b>	3.0%	0.0%	19.2%	23.3%	46.2%	8.3%	0.00%	0.0%
<b>GROW 100</b>	3.9%	0.0%	0.00%	32.2%	53.9%	10.0%	0.0%	0.0%
<b>GROW INDUSTRIAL TECH</b>	2.3%	0.0%	0.0%	0.0%	97.7%	0.0%	0.0%	0.0%
<b>GROW FUTURE INTERNET</b>	1.9%	0.0%	0.0%	0.0%	98.1%	0.0%	0.0%	0.0%
<b>GROW GLOBAL SUSTAINABILITY</b>	3.2%	0.0%	0.0%	0.0%	96.38%	0.0%	0.0%	0.0%
<b>GROW GREEN ENERGY</b>	2.9%	0.0%	0.0%	0.0%	97.1%	0.0%	0.0%	0.0%
<b>GROW GLOBAL PROPERTY</b>	3.0%	0.0%	0.0%	0.0%	0.0%	97.0%	0.0%	0.0%

## Asset allocation by asset class as at 30 June 2020

	CASH	AUSTRALIAN FIXED INCOME	GLOBAL FIXED INCOME	AUSTRALIAN EQUITIES	INTERNATIONAL EQUITIES	GLOBAL PROPERTY	GLOBAL INFRASTRUCTURE	ALTERNATIVES
<b>ZUPER SUPER</b>								
<b>IMPACT</b>	5.6%	6.0%	15.0%	31.2%	29.2%	8.0%	5.0%	5.6%
<b>IMPACT PLUS</b>	2.2%	4.0%	15.5%	32.7%	30.6%	7.0%	8.0%	2.2%
<b>GREEN</b>	1.9%	0.00%	0.00%	0.00%	98.1%	0.00%	0.00%	1.9%
<b>HEALTH</b>	4.5%	0.00%	0.00%	0.00%	95.5%	0.00%	0.00%	4.5%
<b>TECH</b>	1.1%	0.00%	0.00%	0.00%	98.9%	0.00%	0.00%	1.1%

### Notes:

LESF Super and sub plans GROW Super, Zuper Super and AIA Australia Risk Only Super Solution No 2 (AROSS2 Fund) via a successor fund transferred to Smartsave 'Members Choice Master Superannuation Plan on 30 June 2020. This reduced the current asset allocation as at 30 June 2020 to Nil. The asset allocation provided is displayed for member reference only.

Exposure to Australian Equities also includes some (additional) exposure to listed property trusts. Thus the effective property exposure for some pools is slightly higher than shown above.

Further information regarding the Fund's investment options for accumulation and pension members is available in the current PDS and Guides relevant to your membership in Lesf and Macmahon Super (formerly LESF Super) or the specific sub plans of the Fund. These documents are available online at [www.lesf.com.au](http://www.lesf.com.au), at [growsuper.com.au](http://growsuper.com.au), or [zupersuper.com.au](http://zupersuper.com.au), or at [AIA.com.au](http://AIA.com.au) or by emailing the respective Fund Member Services team. Refer the directory at the rear of the Annual Report for further details.

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.

## Hedge funds

The Trustee has authorised, and will continue to permit exposure to, the asset class commonly referred to as 'Hedge Funds'. These investments, may also be known as 'absolute return' investments, and have as their overall objective to produce positive returns not defined or measured against any one benchmark. While these investments can be considered as higher risk, LESF's exposure is limited to products which have carefully selected fund managers to reduce some aspects of this risk.

## 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 does not hold any derivative contracts.

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 by phoning 1800 359 686 or online at [www.lesf.com.au](http://www.lesf.com.au), via Member Online, or via [growsuper.com.au](http://growsuper.com.au), and

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

## LESF Super (including Macmahon Employees Super) investment performance returns (%)<sup>5</sup>

Investment Option	1 year to 30 June 2020	3 year <sup>2</sup>	5 year <sup>1</sup>	10 year <sup>2</sup>	Return since Inception <sup>3</sup>
LESF Super Cash Option	1.63%	1.22%	1.03%	3.47%	N/A <sup>6</sup>
<b>Investment Objective (Bloomberg AustBond BB Index)</b>	0.85%	1.53%	1.73%	2.68%	N/A
LESF Super Moderate Option	2.38%	4.20%	N/A	N/A	3.42
<b>Investment Objective (CPI + 0.5%)</b>	0.15%	1.61%	N/A	N/A	1.81
LESF Super Growth MySuper Option	0.00%	6.20%	5.14%	6.05%	N/A <sup>6</sup>
<b>Investment Objective (CPI + 2.5%)</b>	2.14%	3.63%	3.78%	4.33%	N/A
LESF Super High Growth Option	(0.77%)	6.35%	N/A	N/A	5.87
<b>Investment Objective (CPI + 3.5%)</b>	3.14%	4.64%	N/A	N/A	4.74
LESF Super Diversified Shares Option	(1.42%)	6.47%	5.36%	6.23%	N/A <sup>6</sup>
<b>Investment Objective (CPI + 4.0%)</b>	3.64%	5.14%	5.30%	5.86%	N/A
LESF Super Growth Option (Pension)	(0.01%)	6.14%	5.31%	N/A	4.49
	2.14%	3.63%	3.78%	N/A	4.05

### Notes:

- One-year returns are to 30 June 2020 and Compound returns are annualised averages to 30 June 2020.
- All investment returns are net of all investment fees and taxes, excluding fees charged to members directly such as administration and activity fees.
- When the 5 or 10-year compound returns are unable to be determined, the since inception return is provided.
- 5 and 10-year returns are based on the crediting rates that applied to the option prior to 31 May 2015.
- Longer term returns are based on the crediting rates that applied to the option prior to 31 May 2014.
- The MySuper Investment Option opened on 1 January 2014, however prior to that date was the Balanced option, the Pension Balanced option opened on 21 December 2014, Super Cash and Moderate option on 6 March 2015, and the Super High Growth option on 30 October 2015.

<sup>1</sup> Longer term returns are based on the crediting rates that applied to the option prior to 31 May 2014.



# Investment performance

## GROW Super investment performance returns (%)<sup>3</sup>

Investment Option	1 year to 30 June 2020 <sup>1</sup>	3 year	5 year	Since inception <sup>4</sup>
GROW MySuper	0.00%	6.20%	N/a	6.20%
<b>Investment Objective (CPI + 2.5%)<sup>2</sup></b>	2.14%	3.63%	N/a	3.63%
GROW 30	1.62%	3.27%	N/a	3.27%
<b>Investment Objective (CPI + 1.0%)<sup>2</sup></b>	0.65%	2.11%	N/a	2.11%
GROW 40	0.68%	2.93%	N/a	2.93%
<b>Investment Objective (CPI + 1.5%)<sup>2</sup></b>	1.15%	2.62%	N/a	2.62%
GROW 50	(0.56%)	3.35%	N/a	3.35%
<b>Investment Objective (CPI + 2.0%)<sup>2</sup></b>	1.65%	3.12%	N/a	3.12%
GROW 60	(1.70%)	2.75%	N/a	2.75%
<b>Investment Objective (CPI + 2.75%)<sup>2</sup></b>	2.39%	3.88%	N/a	3.88%
GROW 70	(2.61%)	3.53%	N/a	3.53%
<b>Investment Objective (CPI + 3.0%)<sup>2</sup></b>	2.64%	4.13%	N/a	4.13%
GROW 80	(4.03%)	2.74%	N/a	2.74%
<b>Investment Objective (CPI + 3.5%)<sup>2</sup></b>	3.14%	4.64%	N/a	4.64%
GROW 100	(5.45%)	2.97%	N/a	2.97%
<b>Investment Objective (CPI + 4.0%)<sup>2</sup></b>	3.64%	5.14%	N/a	5.14%
GROW Industrial Tech	37.48%	20.22%	N/a	20.22%
<b>Investment Objective (CPI + 4.0%)<sup>2</sup></b>	3.64%	5.14%	N/a	5.14%
GROW Future Internet	59.17%	38.11%	N/a	38.11%
<b>Investment Objective (CPI + 4.0%)<sup>2</sup></b>	3.64%	5.14%	N/a	5.14%
GROW Global Sustainability	7.33%	9.35%	N/a	9.35%
<b>Investment Objective (CPI + 4.0%)<sup>2</sup></b>	3.64%	5.14%	N/a	5.14%
GROW Green Energy	18.61%	15.70%	N/a	15.70%
<b>Investment Objective (CPI + 4.0%)<sup>2</sup></b>	3.64%	5.14%	N/a	5.14%
GROW Global Property	(7.75%)	4.32%	N/a	4.32%
<b>Investment Objective (CPI + 3.0%)<sup>2</sup></b>	2.64%	4.13%	N/a	4.13%

### Notes:

- <sup>1</sup> One year returns are to 30 June 2020 and are net of all investment fees and taxes, excluding fees charged to members directly such as administration, insurance premiums and activity fees.
- <sup>2</sup> CPI numbers are reported quarterly. For the months between the quarters we assume no change in CPI.
- <sup>3</sup> Annual returns are compound annualised averages to 30 June 2020 and net of all investment fees, admin fees and taxes.
- <sup>4</sup> When the 5 or 10 years compound return is unable to be determined, the since inception return is provided.
- \* All Grow Super Investment Options opened on 12 May 2017.

# Investment managers

## Zuper Super investment performance returns (%) - Accumulation<sup>2</sup>

INVESTMENT OPTION	2020 <sup>1</sup>	3 YEAR	5 YEAR <sup>2</sup>	10 YEAR <sup>2</sup>	RETURN SINCE INCEPTION <sup>3</sup>
IMPACT	-2.12%	N/a	N/a	N/a	1.40%*
IMPACT PLUS	-3.79%	N/a	N/a	N/a	0.92%*
HEALTH	9.15%	N/a	N/a	N/a	3.66%*
GREEN	10.98%	N/a	N/a	N/a	8.52%*
TECH	14.13%	N/a	N/a	N/a	5.34%*

Notes:

- 1 One year returns are to 30 June 2020 and are net of all investment fees and taxes, excluding fees charged to members directly such as administration, insurance premiums and activity fees.
- 2 Annual returns are compound annualised averages to 30 June 2020.
- 3 When the 5 or 10 years compound return is unable to be determined, the since inception return is provided
- \* Zuper Super Impact option, Health option, Green option and Tech option, Impact + opened on 5 July 2018.

Note: Asset Consultant to Zuper Super, Atchison Consultants, reported in their Investment Report as at 30 June 2020 that all investment options outperformed their respective CPI+ investment objectives over the quarter to 30 June 2020, and over 12 months to 30 June 2020:

- Zuper Green outperformed the CPI+objective by 9.1%, Super Health by 7.3%+, and Zuper Tech by 12.2%+,
- Zuper Impact and Impact Plus relative performance remains negative over the 12 month on the back of the Covid crisis felt across markets, and

The main contributor to the overall performance relative strength of Zuper Tech, Zuper Health, and Zuper Green was attributable to the outperformance of US technology, healthcare and sustainability focused securities

Neither past performance nor volatility is not 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

# Investment managers

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 LESF Super were invested as at 30 June 2020.

## LESF Super

- Mercer Investments (Australia) Pty Limited:
  - Mercer Enhanced Passive Growth Fund
  - Mercer Diversified Shares Fund
  - Mercer Passive International Shares Fund

## GROW Super

- Dimensional Fund Advisors:
  - Dimensional World Equities Trust
  - Dimensional Five-Year Diversified Fixed Interest Trust
  - Dimensional Global Bond Trust

## Zuper Super

- Macquarie True Index Listed Property Fund and Macquarie True Index Global Infrastructure Securities Fund
- iShares Wholesale Screened International Equity Index Fund and iShares – Core S&P/ASX 200 ETF
- Russell Investments Aus Responsible Investments ETF

### Notes:

The underlying fund managers utilised by the Trustee for the 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.

## Concentration of assets

As at 30 June 2020, the following investment managers exceeded 5% of the total assets of the LESF Super.

	2020	2019
<b>Mercer Enhanced Passive Growth Fund – LESF Super</b>	64.91%	76.9%
<b>Dimensional World Equity Trust – GROW Super</b>	13.19%	20.1%

## Other considerations

LESF Super, and its sub plans do not take into account labour standards, environmental, social or ethical considerations in making investment decisions or selecting underlying investment managers or investment funds.

# 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](http://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 non-concessional contribution is made.

### 'Work Test exemption'

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.

### 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. 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, however, 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*

In the 2020-21 financial year, it is proposed to extend the non-concessional cap bring-forward rule to people up to the age of 67. 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.

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](http://ato.gov.au/super). Contribution caps may change from time to time. Refer to [ato.gov.au/super](http://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 release from your super can be considered under financial hardship and incapacity in the following ways:

#### *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

## Coronavirus Economic Response Package Omnibus Bill

Changes were made 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 payment of up to \$10,000. 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 are tax free and will not affect Centrelink or Veteran's Affairs payments. The amounts are treated as non-assessable non-exempt income, are not counted as assessable income and are not 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](https://ato.gov.au/super), including ATO.TV outlining how easy it is to set up a MyGov account.

A summary of information around Financial Hardship 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 day after the Bill was passed by Federal Parliament, to provide support for retirees to enable them to manage market volatility.

For the remainder of the 2019-2020 financial year, and for the full 2020-2021 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:*

- Amend current drawdown instructions,
- 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.

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,
- For certain digital super funds, completing an amendment to the pension payment via the Secure Online Portal, 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](https://ato.gov.au/super).



## Protecting Your Superannuation Package Legislation

### Changes to your insurance cover

Protecting Your Superannuation Package legislation was implemented from 1 July 2019. If your account is considered “inactive” – that is, the account hasn’t received a contribution or rollover for 16 consecutive months (regardless of your account balance), your insurance cover will be terminated.

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.

The cap for those with a balance of \$6,000 or less is 3% of the 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 may 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 this with your account. 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.

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 <https://www.ato.gov.au/Individuals/Super/In-detail/Growing-your-super/Inactive-low-balance-super-accounts/>.

## Putting Members Interests First Act 2019 (PMIF)

This Bill was passed by Federal Parliament in September 2019, and was implemented 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.

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>.

# Important information

## Abridged financial information

Set out below is the abridged financial information relating to LESF Super, and LESF Super sub plans GROW Super and Zuper Super.

<b>LESF Super</b> Statement of consolidated financial position as at 30 June 2020**	<b>2020*</b> \$'000	<b>2019</b> \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	217,857	196,569
<b>INCREASE (DECREASE)</b>	217,857	21,288
<b>CLOSING NET ASSETS</b>	000,000	217,857

Notes:

\* LESF Super transferred by successor fund transfer to Smartsave 'Members Choice Master Superannuation Plan on 30 June 2020.

\*\* 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 Member Services (Refer Directory on the back page).

<b>LESF Super</b> Statement of member movements as at 30 June 2020	<b>2020</b> \$'000	<b>2019</b> \$'000
<b>OPENING MOVEMENTS AT 1 JULY</b>	173,086	167,472
<b>INCREASE (DECREASE)</b>	173,086	5,614
<b>CLOSING MEMBER MOVEMENTS AS AT 30 JUNE 2018</b>	000,000	173,086

<b>GROW Super</b> <b>a sub plan of LESF Super</b> <b>(commencement date 14 May 2017)</b> Statement of member movements as at 30 June 2020	<b>2020</b> \$'000	<b>2019</b> \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	39,612	21,615
<b>INCREASE (DECREASE)</b>	39,612	17,997
<b>CLOSING NET ASSETS</b>	00,000	39,612

**Zuper Super- a sub plan of LESF Super  
(commencement date 18 June 2018)**

Statement of member movements  
as at 30 June 2020

	2020 \$'000	2019 \$'000
<b>DA@DANOPENING NET ASSETS AS AT 1 JULY</b>	6,662	0
<b>INCREASE (DECREASE)</b>	6,662	6,662
<b>CLOSING NET ASSETS</b>	0,000	6,662

**AIA Australia Risk Only Super Solution No.2  
(AROSS Fund) – a sub plan of LESF Super**

Statement of member movements  
as at 30 June 2020

	2020 \$'000	2019 \$'000
<b>OPENING NET ASSETS AS AT 1 JULY</b>	0	0
<b>INCREASE (DECREASE)</b>	0	0
<b>CLOSING NET ASSETS</b>	0	0

## 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. The Fund's reserves are invested in Cash.

## 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 Guides for more information.

## 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 Guides for more information.

LESF Super – Reserves as at 30 June 2020	EXPENSE RECOVERY/GENERAL RESERVE* \$'000	ORFR* \$'000
FINANCIAL YEAR		
2019/2020	\$0	\$0
2018/2019	\$412	\$542
2017/2018	\$392	\$494

Notes:

- \* Post the transfer by successor fund transfer of LESF Super and its sub plans to Smartsave on 30 June 2020, the balance of the Expense Recovery/General Reserve and the ORFR reduced to Nil. The balance of the Expense Recovery/General Reserve and ORFR was transferred to Smartsave on 30 June 2020 and was absorbed into the Smartsave Expense Recovery/General Reserve and ORFR.

## Macmahon Employees Super Defined Benefit Fund

The Macmahon Employees Super Defined Benefit Fund was closed in mid-June 2020 and the remaining member was rolled out to Accumulation. As the Defined Benefit Fund was overfunded at the time of closure, no further contributions were required by the Employer to finalise the closure of the Fund. The Macmahon Employees Defined Benefit Fund had a \$0 balance and was wound up as at 30 June 2020.

## Allocating net earnings to members' accounts

Your account balance prior to the successor fund transfer was 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

Historically we have calculated the value of the underlying assets of each pooled investment option weekly. This changed on 19 June 2020 to being valued 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.

## 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).

1. 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.
2. Non-member spouse - An amount payable to a non-member spouse – a payment split for an interest is due to a non-member spouse, 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.
3. Deceased member – the trustee is unable (after reasonable endeavour) to locate a beneficiary to pay your benefit to.
4. 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.
5. 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 Australian or New Zealand citizen.
6. 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)

7. 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, or
  - the Fund is not a self-managed super fund (SMSF) or small Australian Prudential Regulation Authority (APRA) Fund.

#### **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 their insurance coverage,
- made or amended a binding death benefit beneficiary nomination,
- notifies the 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](https://ato.gov.au/Individuals/Super/Growing_your_super).

### **Member statements**

Your member Exit Statement as at 30 June 2020, issued to you by mail upon completion of the successor fund transfer of LESF Super and its sub plans into Smartsave Members Choice Superannuation Master Plan represents your Annual Member Statement for the financial year ended 30 June 2020. Additionally, product updates and personalised communications are also published to you 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 deducted by the Fund in relation to the superannuation surcharge tax payable will be reflected in the transaction section of your Annual Member Statement.



If you don't want your super member benefits transferred to the ATO, contact the Fund, advise of any change in your personal contact details or submit the ATO form advising you are not an Inactive member

### **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.

## 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 are
- 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 in the last 12 months).

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)

<b>Phone:</b>	1800 114 380
<b>Write:</b>	PO Box 1282, Albury NSW 2640
<b>Visit:</b>	<a href="http://www.smerf.com.au">www.smerf.com.au</a>

## 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.

## 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. A summary of the he Trustee's conflicts of interest management policy is held at [www.diversa.com.au/trustee/governance](http://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 LESF or your LESF account, including insurance. You can make an initial enquiry by phoning Member and Adviser Services, 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.

Enquiries and Complaints – Fund and Sub Plan Contact Details		
<b>By Mail to Administrator:</b>	Complaints Officer, PO Box 1282, Albury NSW 2640	
<b>LESF Super</b>	Email: <a href="mailto:lesf@onevue.com.au">lesf@onevue.com.au</a>	Phone: 1800 359 686
<b>GROW Super</b>	Email: <a href="mailto:grow@growsuper.com">grow@growsuper.com</a>	N/a
<b>Zuper Super</b>	Email: <a href="mailto:help@zuper.com.au">help@zuper.com.au</a>	Phone: 1800 064 694
<b>AROSS2</b>	Email: <a href="mailto:enquiries@iasas.com.au">enquiries@iasas.com.au</a>	Phone: (03) 9621 7120

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 on 1 November 2018. Any existing complaints have now been transferred across to AFCA.

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:

<b>Phone:</b>	1800 931 678
<b>Email:</b>	<a href="mailto:info@afca.org.au">info@afca.org.au</a>
<b>Write:</b>	Australian Financial Complaints Authority (AFCA) GPO Box 3 Melbourne VIC 3001
<b>Visit:</b>	<a href="http://afca.org.au">afca.org.au</a>

Access to AFCA is free of charge. You can also find out more about LESF enquiries and complaints procedures at the Funds website.

## Information on request

The following information is available on the Fund website, via the Secure Online Portal and/or by contacting Member and Adviser Services (refer to the Directory on the back page):

- the Fund's various PDS (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, however 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. Should there be any inconsistency between the Annual Report and the Fund's Trust Deed, 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.

# Directory

## Obtaining further information

### Member and Adviser Services

**Write:** PO Box 1282 Albury NSW 2640

#### LESF Super

**Phone:** 1800 359 686

**Email:** [lesf@onevue.com.au](mailto:lesf@onevue.com.au)

**Visit:** [lesf.com.au](http://lesf.com.au)

#### Zuper Super

**Phone:** 1800 064 694

**Email:** [help@zuper.com.au](mailto:help@zuper.com.au)

**Visit:** [zuper.com.au](http://zuper.com.au)

#### AIA Group Risk Super Plan-AROSS2

**Phone:** 1800 333 613

**Email:** [au.customer@aia.com](mailto:au.customer@aia.com)

**Visit:** [aia.com.au](http://aia.com.au)

**Write:** [509 St Kilda Road Melbourne VIC 3004](http://509%20St%20Kilda%20Road%20Melbourne%20VIC%203004)

### Trustee

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

### Fund Auditor

ABN 52 780 433 757  
Level 19/2 Riverside Quay  
Southbank VIC 3006

### Fund Custodian

Sandhurst Trustees Limited  
ABN 16 004 030 737  
Level 5, 120 Harbour Esplanade  
Docklands VIC 3008

### Asset Consultant – LESF Super

Mercer Investments (Australia) Limited  
ABN 66 008 612 397  
AFSL No 244385  
One International Towers, 100 Barangaroo Avenue  
Sydney NSW 2000

### Fund Administrator

OneVue Super Services Pty Ltd  
ABN 74 006 877 872 AFSL No 246883  
PO Box 1282, Albury NSW 2640

### Promoter

LESF Super - OneVue Wealth Services Ltd  
ABN 70 120 380 627 AFSL 308868  
Level 5, 10 Spring Street. Sydney, NSW 2000

### Sub Promoters

GROW Super - Grow Super AFSL Co Pty Ltd  
ABN 55 617 358 166 CAR No. 1254358  
Suite 1, 29 Hutchinson Street, Surry Hills NSW 2010

Zuper Super - Responsible Investment Services  
ABN 77 630 578 200; CAR No. 001258555  
120b Underwood St, Paddington NSW 2021

### Sub Promoter & Administrator

AIA Group Risk Super Plan (AROSS2)  
AIA Australia Limited  
ABN 79 004 837 861 AFSL No. 230043  
509 St Kilda Road, Melbourne VIC 3004