

Annual Report 20/21

Strong investment performance
Low fees • Personalised service

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ElectricSuper in 2020/21

62,466
website visits

inexpensive
pension option

2,706
calls to
the Helpline

low
administration
fees

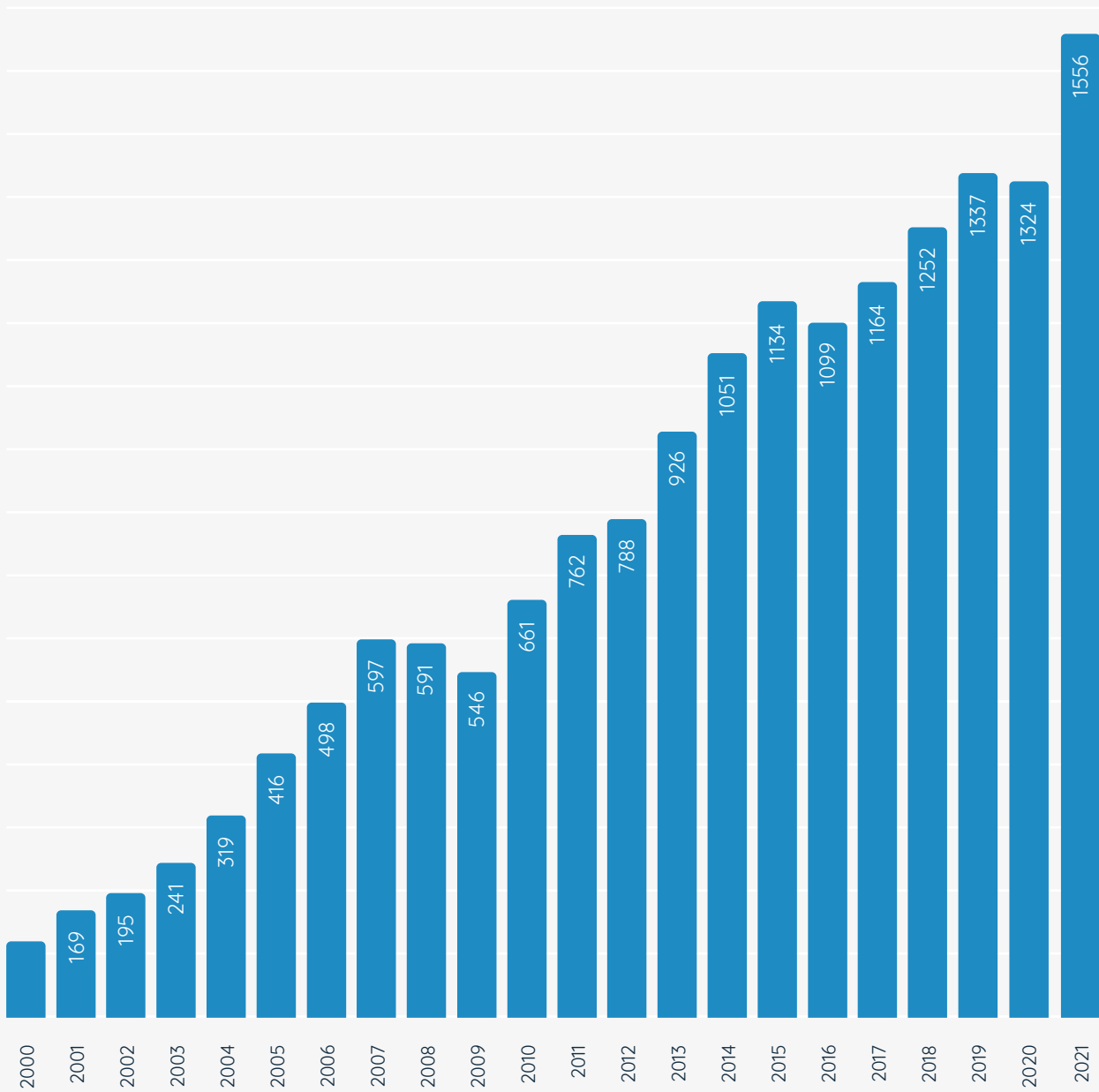
over 1,300
one-on-one
member
appointments

competitive
investment
returns

8.7%
over 10 years
(balanced growth
option)

ElectricSuper in 2020/21

Asset Growth since 2000 (\$m)



Welcome to the ElectricSuper Annual Report

The Electricity Industry Superannuation Scheme (ElectricSuper) is the super fund for people who supply electricity to South Australia.

Members of ElectricSuper continue to receive generous benefits such as:

- Defined Benefit members have benefits linked to their salary, and are protected against poor investment returns.
- Accumulation members have their administration fees paid by their employer, and have a choice of insurance benefits and investment options.
- All members have access to personalised service from the ElectricSuper staff, limited financial advice from the Helpline, referrals to professional financial planning advice, worksite visits, income streams in retirement and the option to voluntarily increase their super.

ElectricSuper is overseen by a Board, who are required by law to work in the interests of members (within the rules of ElectricSuper). The ElectricSuper Trustee Office manages the fund on behalf of the Board, and its staff are always available to answer questions that members might have on their super. There is more information on the Board and the office staff later in the report.

There are many organisations who work with ElectricSuper to help run the fund. These include employers, the fund administrator, investment managers, auditors, lawyers, accountants, doctors, insurers and financial planners.



Board Members

As at 30 June 2021

Chairman



Peter Siebels
Investment Committee
Corporate Governance Committee
Nominations Committee

Elected by members



Janette Bettcher
Investment Committee

Appointed by employers



Kylie Johnson
Investment Committee



Mark Vincent
Corporate Governance
Committee (Chair)



Patrick Makinson
Investment Committee (Chair)



John Adley
Nominations Committee



Patrick McAvaney
Nominations Committee



Scott Cowen
Corporate Governance
Committee



Paul Wight
Corporate Governance Committee
Nominations Committee (Chair)

Appointed by Unions SA

Board changes

Damien Rice's term of appointment as a Board member ended on 31 March 2021. Patrick McAvaney, an employee of the SA Government, was appointed as an employer representative from 1 April 2021.

Kylie Johnson and Paul Wight were both re-appointed as employer representatives during the year.

Investment Committee

The Investment Committee oversees ElectricSuper's investments, including the asset allocation and individual investment managers. The Committee provides advice to the Board on any changes that it considers necessary.

Corporate Governance Committee

This committee makes sure we have all the right controls and procedures in place, as well as reviewing ElectricSuper's compliance with all regulations.

Nominations Committee

The Nominations Committee is responsible for ensuring the Board has an effective skill set and composition to adequately discharge its responsibilities and duties.

Board member terms and conditions

Board members are appointed or elected for a term of 3 years, or in the case of casual vacancies, for the balance of the term of their predecessor.

Under the terms of the ElectricSuper trust deed and rules, no Board member is remunerated, other than the Independent Chairman. All expenses associated with their work for ElectricSuper are reimbursed, including travel and accommodation.

Chairman's remuneration

The Chairman's remuneration is set by the Board in accordance with ElectricSuper's Trust Deed following appropriate advice and consultation. The Chairman receives no incentives or bonuses, but is entitled to claim for expenses incurred in the course of his work for ElectricSuper.

Performance reviews

The Board undertakes a performance review every year. The process involves each Board member completing 2 questionnaires of open questions. The questionnaires consider the Board's performance as a whole, and the individual Board member's view of their own performance.

The CEO also fills out the same questionnaire on their view of the Chairman's performance.

The answers are reviewed by the Chairman, who then discusses the results with each Board member. In the case of the Chairman, his review is carried out by the Nominations Committee.

All ElectricSuper staff are subject to regular performance reviews.

Training

All Board members and staff undertake training to improve their knowledge and skills in areas that will be of benefit to ElectricSuper. The cost of this training is met by ElectricSuper.

Some examples of the training that has been taken are:

- Attending the national Conference of Major Super Funds (CMSF) run by the Australian Institute of Superannuation Trustees (AIST)
- Association of Superannuation Funds of Australia workshops and events
- A one day course on the duties and responsibilities of super fund trustees
- The Company Directors' Course run by the Australian Institute of Company Directors
- One day conferences on investments, superannuation issues and Public Sector superannuation funds.

Board meeting attendance

Board member	Appointed by	Last appointed	Term expires	Meetings attended	
				Board	Committee
Adley, John	SA Unions	31 March 2020	31 March 2023	4 out of 4	4 out of 4
Alternate: Jewell, Ben	SA Unions	31 March 2020	31 March 2023	-	-
Bettcher, Janette	Member	31 March 2020	31 March 2023	3 out of 4	5 out of 5
Cowen, Scott	SA Unions	21 November 2019	31 March 2022	4 out of 4	4 out of 4
Johnson, Kylie	Employer	1 April 2021	31 March 2024	4 out of 4	4 out of 5
Alternate: Perriam, Ann	Employer	31 March 2019	31 March 2022	-	-
Makinson, Patrick	Employer	31 March 2019	31 March 2022	4 out of 4	5 out of 5
McAvaney, Patrick	Employer	1 April 2021	31 March 2024	1 out of 1	1 out of 1
Rice, Damien	Employer	30 November 2018	31 March 2021	3 out of 3	2 out of 2
Siebels, Peter	Board	31 May 2020	31 March 2024	4 out of 4	12 out of 12
Vincent, Mark	Member	31 March 2020	31 March 2023	3 out of 4	3 out of 4
Wight, Paul	Employer	1 April 2021	31 March 2024	4 out of 4	7 out of 7

Report from the Chairman and CEO

Peter Siebels (Chairman) and Nic Szuster (CEO)

The 2020-21 year was as unpredictable as the year the preceded it. COVID-19 continued to cause ongoing disruptions to the nation and the world, with local and interstate lockdowns impacting on life as we know it. As in the year before, the Board and staff of the Electricity Industry Superannuation Scheme (ElectricSuper) rose to the occasion, working hard to provide members with the excellent outcomes they've come to expect. We thank all for their efforts.

COVID-19 Pandemic

With the continuation of the pandemic into the 2020-21 financial year, our goal to ensure the wellbeing of our staff and members remained a top priority. Staff worked from home wherever possible and held member meetings over the phone or via video conference. The Board were kept informed continuously on the welfare of staff.

The pandemic provided us with the ongoing impetus to continue implementing online member services and to strive to heighten the member experience when using these non face to face channels. Online education materials have been greatly expanded for our members.

In this disrupted environment, our service provides continued to provide the services we required. Our administrator, Mercer, was able to accommodate the demand for member services with no reduction in standards.

Member services

Our goals regarding member services include providing members with all the information they need to understand and manage their super for their own best outcomes. We also work to ensure members understand their options at retirement.

This information sharing would typically be in face-to-face meetings, but with COVID-19, we have moved to a hybrid mix of face-to-face meetings, video conferencing and phone meetings. In response to member demand, we appointed Martin Dabrowski as an additional Member Services Officer in July 2020. In this mixed delivery method, we have held 1,321 meetings this year with 1,080 members.

Where COVID-19 restrictions allowed, we travelled regionally to ensure that our members in regional areas have access to the same services as those who live in metropolitan areas.

Additionally, the website has been bolstered with new online materials to allow members to self-educate. Work continues in this space with online learning materials being continually developed. To support the development of our member self-education materials, we employed a new Communications and Compliance Officer in January 2021, Jane Soutar.

A long-standing employee, Mark Elliott, who many of you would have engaged with over his many years of service, retired just after year end. We would like to thank Mark for his outstanding service on behalf of members, his work colleagues and the Board.

Investment markets

The COVID-19 pandemic, and the federal budget response, resulted in a rebound in investment markets for the 2020-21 financial year. The investment returns more than compensated for the lower return in 2019-20.

As we have mentioned in recent years, we remain cautious in our outlook for future investment performance with most asset classes looking fully priced. As such we have maintained a slightly higher cash allocation than normal to be deployed when opportunities arise.

This annual report includes the views of the Board's investment adviser, JANA, on the year's financial markets. Their message strongly supports the Board maintaining a well-diversified portfolio, which aligns with the Board's strategic thinking.

The Balanced Growth option, which is the investment option for the majority of our members, achieved outstanding returns. The Balanced Growth return for the year ending 30 June 2021 was 18.9%, giving a very healthy 8.7% p.a. average return over 10 years.

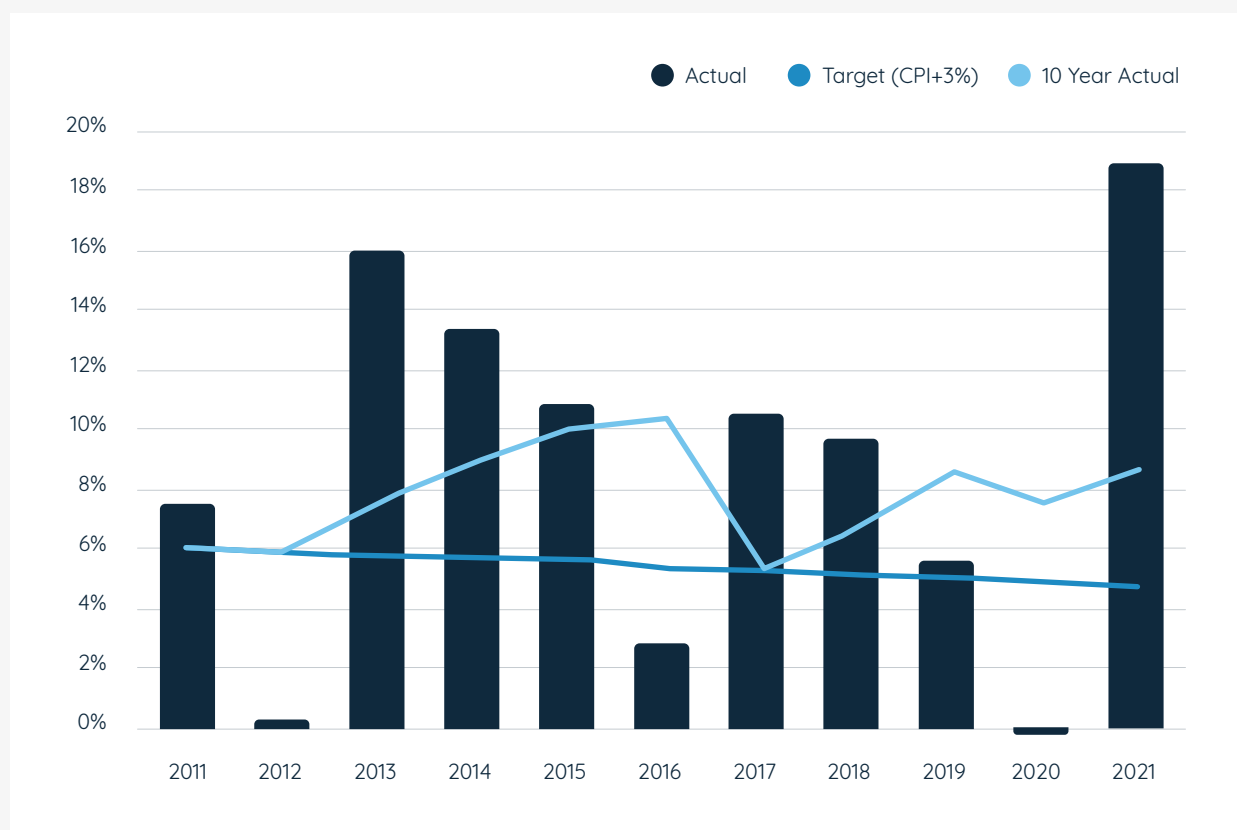
Changes to Board Members

Damien Rice's term of appointment as a Board member finished on 31 March 2021. We would like to acknowledge the significant contribution that Damien made to ElectricSuper, particularly as a member of the Corporate Governance Committee. Patrick McAvaney, an employee of the SA Government, was appointed as an employer representative from 1 April 2021.

Kylie Johnson and Paul Wight were both re-nominated as employer representatives on the Board during this year.

Your Board remains committed to delivering outstanding returns and services to all members in the years ahead.

Balanced Growth Option compared to Target



Trustee Office

Trustee Office staff answer queries, run site visits, manage insurance claims, provide advice to the Board, and oversee all of the work involved in day-to-day running of ElectricSuper.



Nic Szuster
Chief Executive Officer



Melanie Muston
Manager, Member Services



Martin Dabrowski
Member Services Officer

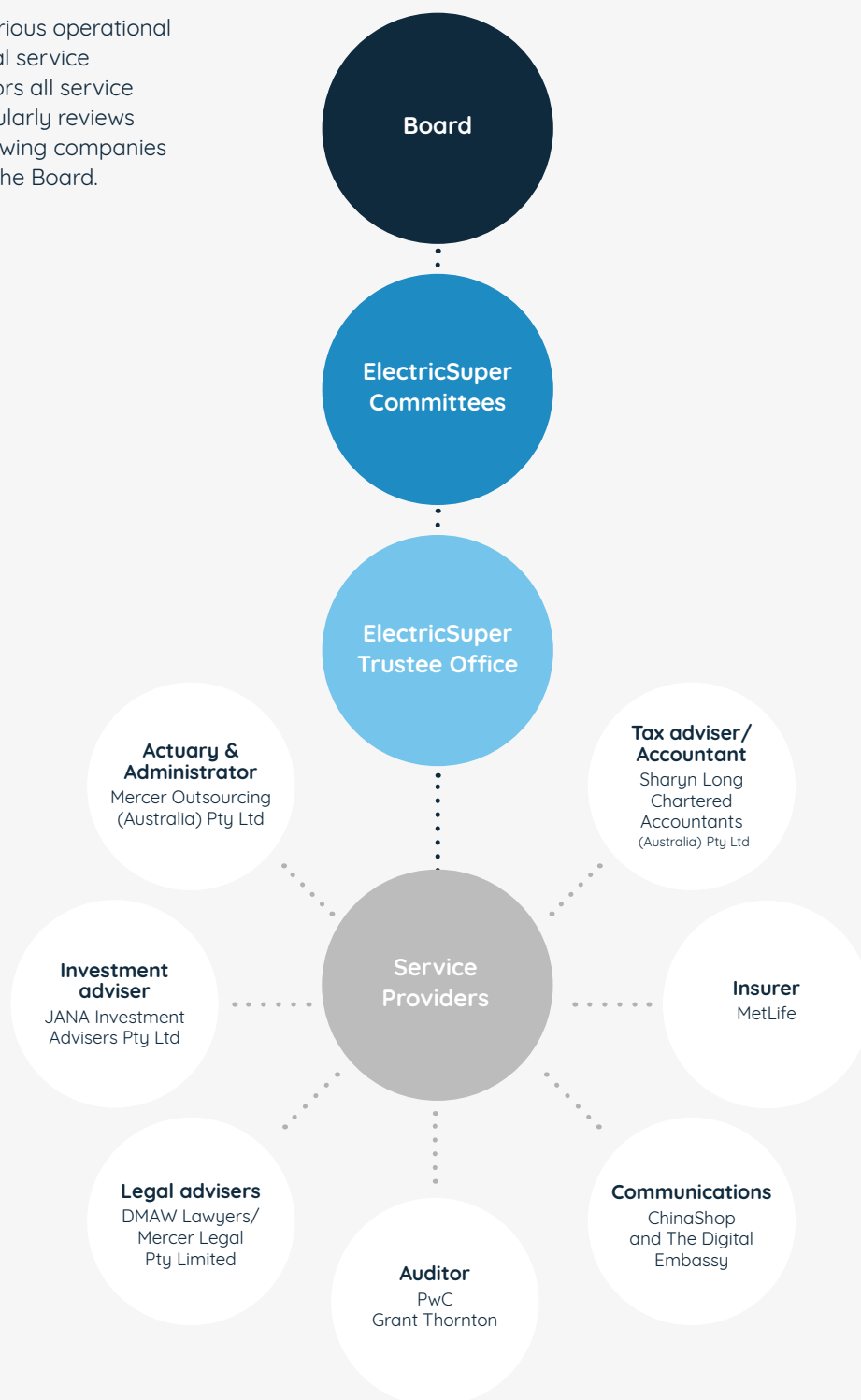


Jane Soutar
Communications and
Compliance Officer



Service providers

ElectricSuper outsources various operational roles to experienced external service providers. The Board monitors all service providers carefully, and regularly reviews their performance. The following companies provide help and advice to the Board.



Member activity

Membership statistics

Division	2	3	4	5	Retained	Total
Members at 30 June 2020	393	48	33	1738	801	3013
Entrants during the year				128	520	678
Exits during the year	25	11	6	109	289	343
Members at 30 June 2021	368	37	27	1757	1032	3221

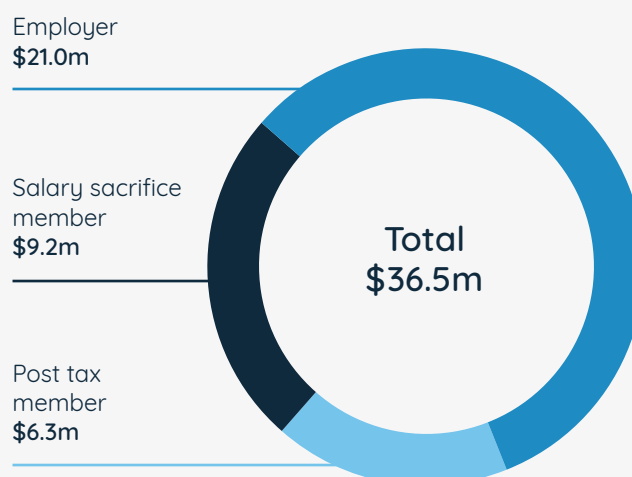
ElectricSuper also paid pensions to 500 members, who have retired and are receiving a regular income from the fund.

Contributions

ElectricSuper receives contributions from members (from both after tax salary and by salary sacrifice) and from employers. The total contributions received during the 2020/21 year are shown adjacent.

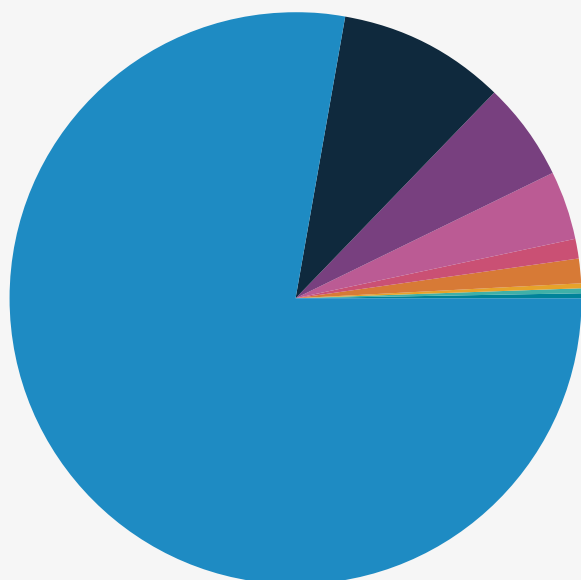
The employers pay all the contributions that the Board asks for. The Board must aim to have enough money in ElectricSuper to pay all benefits. This money is invested separately to the employers', and is held by the Board to pay for members' retirements.

There was also \$10m rolled into the fund from other super funds.



Participating employers

The participating employers and the numbers of employee members (including retained members*) in ElectricSuper as at 30 June 2021 are as follows:



- Utilities Management Pty Ltd (SA Power Networks)
2493 members
- ElectraNet Pty Ltd
300 members
- AGL Torrens Island Pty Ltd
176 members
- (formerly) Flinders Power
124 members
- AGL Energy Ltd
41 members
- SA Government
41 members
- Alinta Servco Pty Ltd
14 members
- Engie Group
4 members
- EnergyAustralia Services Pty Ltd
3 members

*Retained members have left the service of a Participating Employer, but kept their super in ElectricSuper.

Benefits

The fund also paid out a lot of member benefits during the year, both as lump sums and pensions. With the availability for members to access up to \$20,000 of their super during the year, if they were in financial hardship as a result of COVID-19, partial payments for financial hardship were made in greater numbers than usual.

By way of comparison, during the 2019/20 year, benefits totalling \$53.1m were paid.

Benefit type	Total amount
Lump sum benefits Including early access due to financial hardship of \$1.8m	\$24.9m
Disability pensions	\$0.3m
Retirement pensions	\$27.4m
Total	\$52.6m

Member queries

Phone queries from members are handled by the Helpline (run by our administrator), and the Trustee Office.

The Helpline can assist members on all matters, as well as provide financial advice on simple matters over the phone. They have access to the ElectricSuper administration data and can resolve most questions very quickly. The Helpline takes about 80% of all queries, and answers 90% of them on the spot.

They will get help from the ElectricSuper Trustee Office or the administrators (who know ElectricSuper very well) if need be. However, members may speak directly to Nic, Melanie or Marty in the Trustee Office if they ask.

Members are also welcome to email at inquiries@electricsuper.com.au. We will try to answer it within 2 days, though we may need more time if it is a complicated question.

Over the year, the Helpline received 2,706 phone queries.

Review of financial markets

JANA Investment Advisers Pty Ltd

Unprecedented Policy Response and Reflation

At the onset of the financial year, risk markets were in the midst of their recovery from the share sell-off that occurred in early 2020, despite the ongoing impact of COVID-19. The strong investor sentiment was largely driven by the unprecedented fiscal and monetary support being injected into the global economy, and was reinforced by a change in approach by the Federal Reserve, as it introduced average inflation targeting in setting policy interest rates, allowing for temporary overshoots in inflation above its 2% target.

Towards the end of 2020, equity markets rallied to all-time highs as positive news regarding the 3 leading COVID-19 vaccine candidates was announced. The development coincided with Joe Biden's win in the US Presidential election, who then announced a \$900 billion stimulus package in late December. Similarly, EU leaders approved a €1.8 trillion budget package to dampen the economic impact of the pandemic, as case numbers continued to climb rapidly in the region. At the same time, a Brexit trade deal between the UK and the EU was finally agreed, ending years of political stalemate and instability.

The rollout of vaccines, coupled with the accommodative financial conditions, drove one of the largest equity style rotations in recent times beginning in late 2020. Strong investor confidence from the positive global growth outlook resulted in higher long-term interest rates and a steepening of yield curves, which provided a tailwind for 'value' and more cyclical stocks at the expense of higher multiple 'growth' stocks. The prospect of higher inflation expectations was priced in by investors, which rattled bond markets, sharply pushing

up bond yields in early 2021. This prompted the Federal Reserve Chairman, Jerome Powell, to ease investor jitters by reiterating that interest rates will remain low for a long period of time. This coincided with President Biden announcing a fiscal stimulus package of \$1.9 trillion with an additional \$2.0 trillion in infrastructure spending.

While global demand rebounding and supply constraints persisting, the fear of surging inflation saw the median expectation of Federal Reserve Board members for the timing of a rise in interest rates brought forward to 2023. The progress of the vaccine rollout in major economies and ongoing stimulus helped to improve economic indicators, with the OECD stating that the global economy has returned to its pre-pandemic activity levels with global economic growth of 5.8% expected from the 2021 calendar year. This positive news provided further support to equity markets, which was only dampened by the emergence of the COVID-19 delta variant, which weighed down investor sentiment late in the financial year given its potential impact on the pace of the global recovery.

Domestically, the economic outlook continued to improve over the year, especially once the long lockdown in Melbourne ended in late 2020, supported by the ongoing accommodative fiscal and monetary policy and high commodity prices. Encouraging job figures were released by the ABS, where in the month of November alone around 90,000 jobs were created. This was in addition to the RBA reducing the cash rate from 0.25% to 0.10%, while announcing a quantitative easing program of \$100 billion. Strong job creation continued its trajectory into the new calendar year, as the unemployment rate fell sharply, despite the JobKeeper program ending in March.

Global equities

The improved economic and earnings outlook and ongoing stimulus measures saw global equities rally strongly over the year, with the MSCI World Index ex-Australia (hedged to AUD) up 36.4%. Unhedged returns were 28.1%, lower than the hedged returns due to the appreciation of the Australian dollar against most of the major currencies. Emerging markets outperformed developed markets on an unhedged basis with the MSCI Emerging Markets Index posting a strong gain of 29.6%. The rotation into 'value' and cyclical stocks that began in late 2020 continued its momentum until June, where it then meaningfully detracted as concerns grew around the severity of the new COVID-19 strain and its potential impact on economic growth.

Australian equities

The S&P/ASX300 Index delivered 28.5% over the financial year, driven by the same positive factors experienced globally. Optimism within markets was spurred on by positive job creation news, surging iron ore prices, the easing of lockdown restrictions and ongoing monetary and fiscal stimulus, including the Government's pledge to support the local economy, as it unveiled a \$96 billion stimulus package over five years in its May Budget.

Property

In the property sector, listed Australian Real Estate Investment Trusts (AREITs) returned 33.9% and Global REITs returned 31.4% (hedged to AUD) over the financial year, moving up with the broader equity markets and as property valuations priced in an economic recovery. Australian unlisted property lagged its listed counterpart, returning 8.3% over the year. There was a wide dispersion between the performance of the major sectors, with Industrial strongly outperforming Office and Retail.

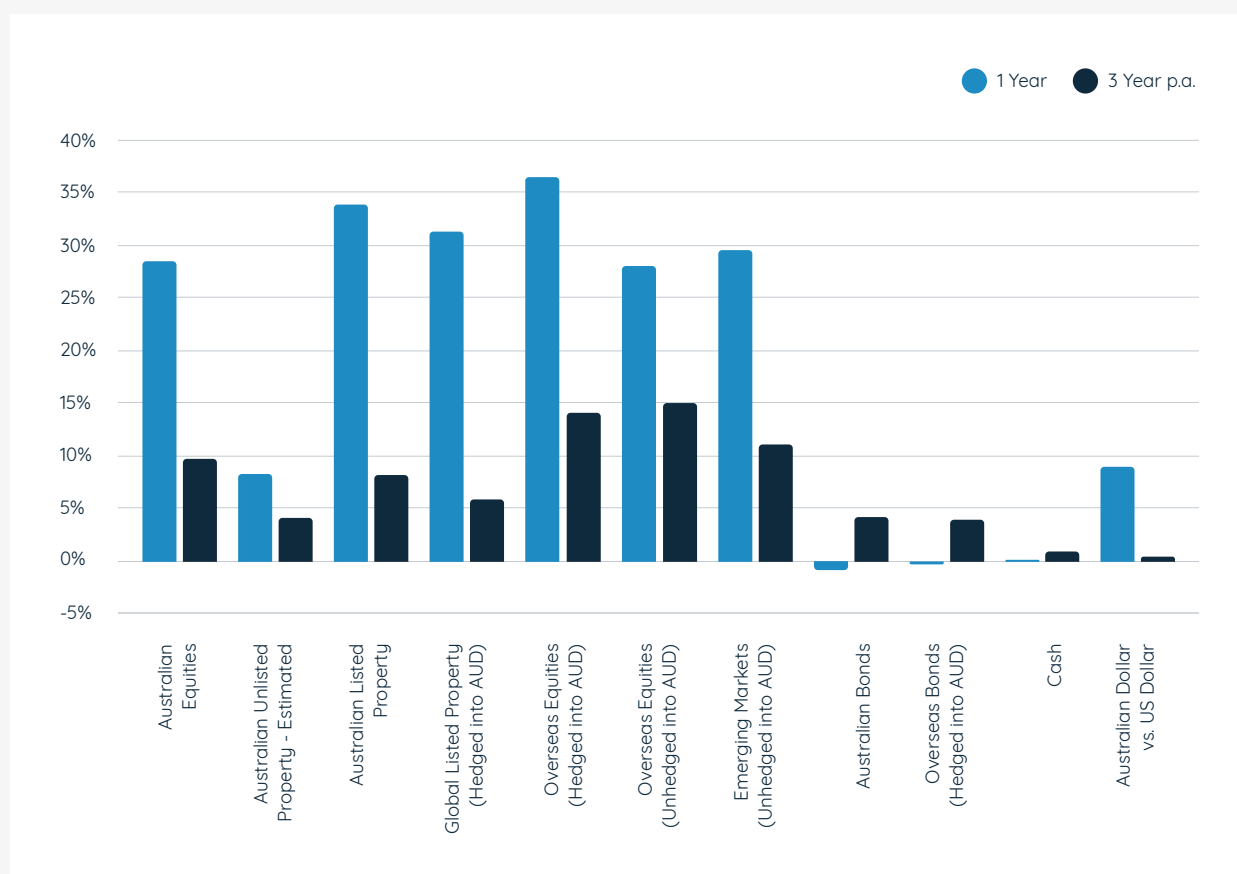
Fixed interest

Bond markets were volatile over the year, finishing slightly negative, as yields sharply rose off a historically low starting base. The risk-on sentiment saw the yield curve steepen materially in early 2021, as investors factored in rising growth expectations, driving the 10-year US Treasury yield up from 0.91% to 1.74%. This was later tempered as the Federal Reserve shifted to a hawkish tone for the outlook in interest rates, amidst rising inflation expectations. The US and Australian 10-year bond yields ended the year at 0.87% and 0.65%, respectively.



Market performance - 30 June 2021

	1 year	3 years p.a.
Australian Equities	28.5%	9.8%
Australian Unlisted Property	8.3%	4.2%
Australian Listed Property	33.9%	8.2%
Global Listed Property (Hedged into AUD)	31.4%	5.9%
Overseas Equities (Hedged into AUD)	36.4%	14.1%
Overseas Equities (Unhedged into AUD)	28.1%	15.1%
Emerging Markets (Unhedged into AUD)	29.6%	11.1%
Australian Bonds	-0.8%	4.2%
Overseas Bonds (Hedged into AUD)	-0.2%	4.0%
Cash	0.1%	1.0%
Australian Dollar vs. US Dollar	9.0%	0.5%



Source: FactSet / JANA

Investments

Summary

The Board aims to get the best return that it can, within its agreed risk appetite.

The Board sets investment objectives and a strategy with a long-term view in mind. This strategy involves using 'growth' assets like shares and property as well as 'defensive' assets such as fixed interest and cash. The value of investments can move up and down with investment markets. We try to reduce the movements as much as we can, but we can and do get negative returns sometimes.

The Board selects professional fund managers to invest the assets of ElectricSuper. Each manager is a specialist in the relevant investment sectors, for example Australian shares, and is selected after taking into account advice received from ElectricSuper's investment adviser.

ElectricSuper believes that sound Environment, Social and Governance (ESG) practices lead to better investment outcomes. ESG risks are considered in any new manager appointment and an ESG Policy will be developed and implemented in the 2021-22 financial year.

For 2020/21, after fees and tax the default balanced growth option earned 18.9% which was ahead of the SuperRatings median fund return of 17.6%, which is a very positive outcome for members.

Investment philosophy

Background

It is ultimately the Board's responsibility to make all decisions relating to the investments of ElectricSuper. ElectricSuper has a mix of defined benefit and accumulation liabilities.

For accumulation liabilities, the investment risk is carried by the member. This means that if investment returns are poor, the member's balance is directly affected. ElectricSuper provides a mix of investment options to allow members to choose the risk profile that best suits their circumstances.

However, for defined benefit liabilities, the investment risk is carried by the employers. If returns are poor, then the employers have to contribute more to pay for the benefits. The Board has sought the employers' views on the investment risk profile for the assets backing the defined benefit liabilities and will seek reaffirmation of employer views every five years.

The pre-privatisation divisions of ElectricSuper provide a mixture of defined and accumulation benefits, hence the investment risk is shared between the employer and the member.

Currently the majority of the liabilities are defined benefit. The sections of ElectricSuper providing defined benefits are closed to new members, and hence the time frame over which these benefits will be paid is shortening.

Board philosophy - Default and Defined Benefit Investment Pool

In light of its role as custodian for assets supporting benefits for members, the Board considers it appropriate to take an approach to investing ElectricSuper's assets aimed at lowering investment volatility while maintaining an exposure to growth assets.

The Board will diversify investments, both across asset classes and managers, within any constraints imposed by the asset size of ElectricSuper.

Manager configuration

The Board has no deliberate bias towards any style of investment management, but will select managers on their perceived ability to add investment value. Manager configuration is determined within, rather than across asset classes, having regard to:

- any decision reached on active vs passive management
- the merits of using a particular manager
- the need for adequate manager diversification
- the managers' particular skills in the asset class in question
- the ability to monitor managers effectively and efficiently

Use of derivatives

The Board uses foreign exchange instruments to manage the risk of fluctuations in the Australian dollar for ElectricSuper's overseas investments. In addition, investment managers employed by ElectricSuper are permitted to use futures, options and other derivative instruments in accordance with their particular Risk Management Statements. The Board expects that over the longer term the use of these instruments will enhance the returns and/or reduce the risk of ElectricSuper.

Use of gearing

The Board may invest in funds that use gearing and leverage where appropriate.



Asset Allocation - Balanced Growth

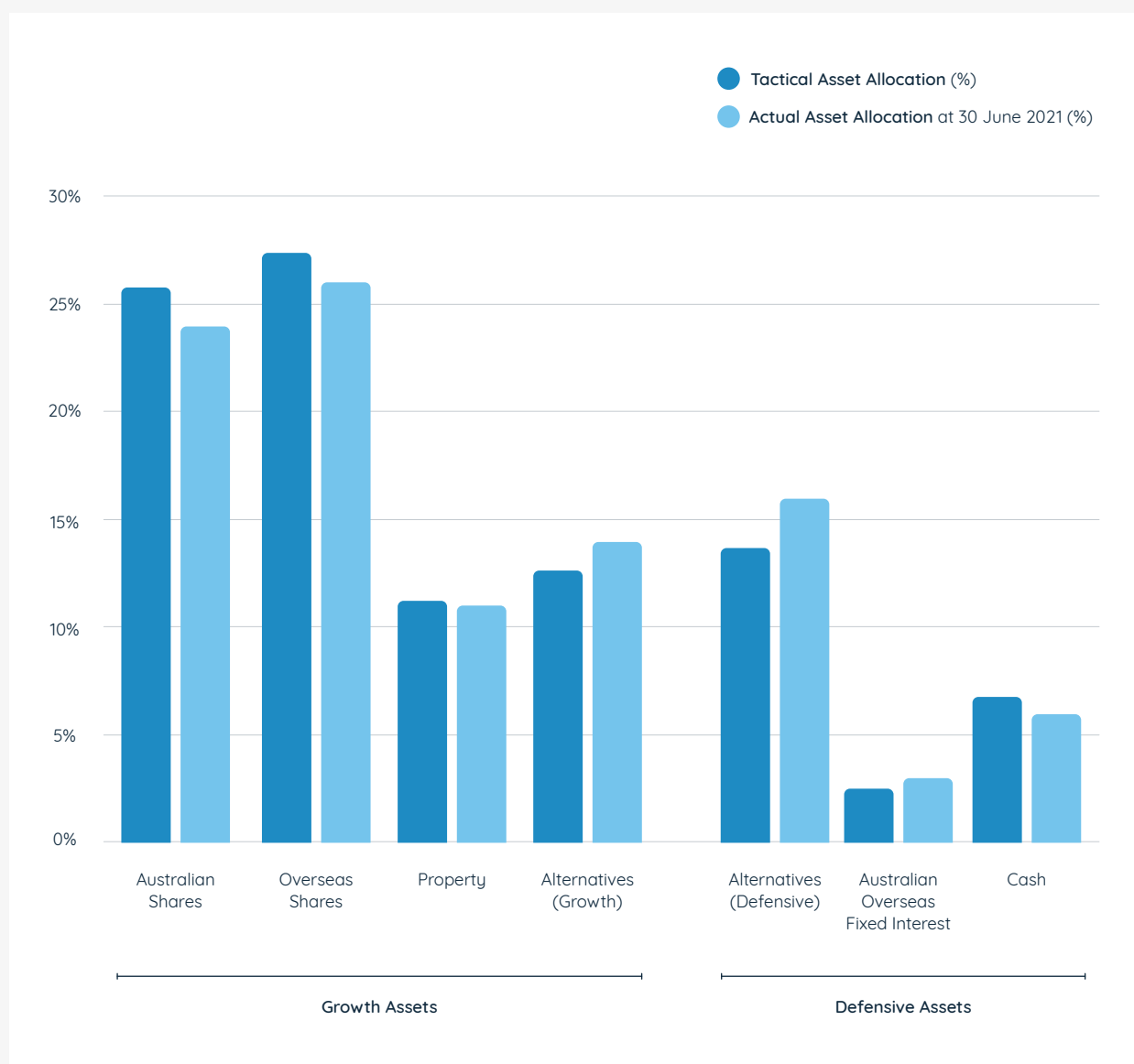
ElectricSuper sets a Strategic Asset allocation focussing on the long term expectations of asset class returns but also uses a Tactical Asset allocation (TAA) process to cater for short to medium term variations in asset class expectations.

There were a number of changes to the Tactical Asset Allocation (TAA) during the year as ElectricSuper responded to the continuing volatility in investment markets caused initially by elevated valuations and then by the global pandemic.

In December 2020 the TAA for property was reduced from 13% to 12%, defensive alternatives increased from 15% to 16%, growth alternatives increased from 13% to 14% and cash reduced from 7% to 6%.

In April 2021 the TAA for property was reduced from 12% to 11%, overseas shares increased from 25.5% to 26% and Australian shares increased from 23.5% to 24%.

The Tactical Asset Allocations for the Balanced Growth option (which is also where the assets supporting the defined benefits are invested) at 30 June 2020 were:



Investment managers

ElectricSuper uses Australian and international investment managers. Each investment manager is responsible for a specified amount of the fund's assets. They are managed in accordance with a mandate as agreed between the manager and the Trustee in consultation with the fund's asset consultant.

ElectricSuper has no direct investments with related parties. The Board monitors the performance of each investment manager closely throughout the year and compares it with industry benchmarks.

Selection of fund managers is a responsibility of the Board, with assistance from the Investment Committee and the fund's asset consultant. The Investment Committee meets with each fund manager at least once every 2 years to review the investment and to keep updated on market conditions.

The tables below provide a breakdown of ElectricSuper total investments by investment manager. The amount shown is the percentage of total fund assets invested with each manager at 30 June.

Australian Shares	2021	2020
Cooper Investors	7.9%	7.6%
Solaris	4.8%	5.0%
Optar	4.5%	-
Perpetual	-	4.0%
Alphinity	3.0%	2.8%
Tribeca Investment Partners	3.1%	2.5%
Lanyon Asset Management	1.6%	1.5%
Overseas Shares	2021	2020
JANA	27.2%	26.3%
State Street	-	0.6%
Direct Property	2021	2020
Dexus	6.1%	6.9%
AMP	3.0%	3.2%
Lend Lease	1.2%	1.5%
Kayne Anderson	1.0%	1.2%
Alternatives - Growth	2021	2020
Bentham	5.1%	5.4%
Morrison & Co UTA (ex Hastings)	1.8%	1.9%
Harbourvest	2.5%	1.7%

Alternatives - Growth (cont.)	2021	2020
LGT	1.2%	1.1%
Partners Group	0.7%	0.9%
Resolution Life	0.9%	0.7%
Macquarie	2.0%	0.1%
Siguler Guff	0.2%	0.1%
Alternatives - Defensive	2021	2020
IFM	4.1%	4.6%
Ardea	2.8%	3.2%
Blackrock	1.7%	2.6%
PIMCO	1.6%	2.6%
Janus Henderson	1.3%	-
Macquarie	-	2.2%
Capital Fund Management	-	1.6%
Australian & Overseas Bonds	2021	2020
JANA	2.5%	2.9%
Insight	-	0.3%
Cash	2021	2020
Janus Henderson	6.7%	2.8%
Term Deposits	1.3%	2.3%
Macquarie	-	2.3%

Recent investment returns - Balanced Growth vs Inflation

The returns from the fund over the longer term of 5 and 10 years are looking very good compared to inflation. The investment earnings that are allocated to each member's account will depend on the division of the fund that the member is in, different accounts within each membership and, in some cases, when the member joined ElectricSuper. This is because each division has different rules about what is deducted from the declared rates in terms of administration fees and tax. The declared rates that apply are shown on member statements.

	16/17	17/18	18/19	19/20	20/21	Over last 5 yrs	Over last 10 yrs
ElectricSuper Balanced Growth option (after tax)	10.6%	9.6%	5.6%	-0.23%	18.8%	8.7%	8.6%
Inflation	1.6%	2.7%	1.4%	0.79%	2.9%	1.9%	1.8%

Investment objectives - Balanced Growth

The investment strategy has 2 objectives against which the Balanced Growth Portfolio's investment performance is measured. The objectives and the results for 2019/20 are shown in the first table below. The second table shows when the investment objectives have been met. ElectricSuper met both of its objectives in the period to 30 June 2020.

Investment Objectives	Balanced Growth Portfolio Return	Objective Return
1 Exceed the Consumer Price Index by 3% pa over rolling 10-year periods.	8.7%pa	4.8%pa
2 Exceed median return in the SuperRatings survey over rolling 10-year periods.	8.7%pa	8.3%pa

Investment Objectives	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21
Objective 1	✓	✓	✓	✓	✓	✓	✓	✓
Objective 2	✓	✓	✓	✓	✓	✓	✓	✓

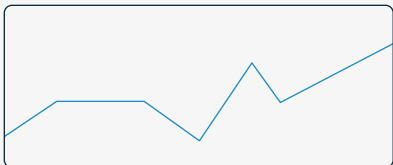
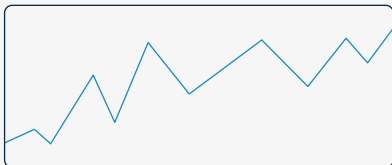
Investment options

ElectricSuper has 4 investment options that are available to members. Accumulation Scheme members can invest all of their balance in any one of these options (or a combination of the 4 options). Members in the defined benefit divisions can invest their additional voluntary contributions and roll-overs in any one of these options (or a combination of these options).

	Cash		Conservative Growth	
Volatility/return	Very low volatility, lowest rate of growth in long term		Low volatility, expected stable but low returns	
Return profile				
Volatility scale	① 2 3 4 5 6 7		1 2 ③ 4 5 6 7	
Most suited to	Members seeking to minimise their investment risk over the short term		Members who prefer stable but moderate returns over the short to medium term	
Investment time frame	No minimum		3 years	
Likelihood of negative return	Not likely to have a negative return		1 negative year in 20, returns not expected to show large swings	
Objective	Match the Bloomberg AusBond Bank Bill index before tax and fees over rolling annual periods		To achieve investment returns after tax and fees exceeding the Consumer Price Index by 1.5% pa over rolling 10 year periods	
Management fees* as at 30 June 2021	0.06% (deducted from the returns credited to your account)		0.57% (deducted from the returns credited to your account)	
Strategy	Fully invested in short term fixed interest investments, and has a very conservative investment risk profile		Around 30% invested in growth investments, and hence has a moderately conservative investment risk profile	
Asset allocation at as June 2021	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Australian Shares	-	-	10%	10%
Overseas Shares	-	-	12%	12%
Property	-	-	10%	10%
Alternatives - Growth	-	-	11%	11%
Alternatives - Defensive	-	-	27%	27%
Fixed Interest	-	-	8%	8%
Cash	100%	100%	22%	22%

*Includes JANA and Board costs, plus investment management fees). Defined benefit members incur an additional 0.07% fee for administration expenses.

Investment options continued

	Balanced Growth (default option)	High Growth
Volatility/return	High volatility, medium growth	Highest volatility, expected higher long term returns
Return profile		
Volatility scale	1 2 3 4 5 6 7	1 2 3 4 5 6 7
Most suited to	Members who want reasonable medium term returns and can put up with large variations in the short term	Members who want higher returns in the long term and can put up with large variations in the short term.
Investment time frame	10 years minimum	10 years (or more)
Likelihood of negative return	3-4 years in 20, returns may show large swings in the short term	4-5 years in 20, returns may show large swings in the short term
Objective	To achieve investment returns after tax and fees exceeding 1) the Consumer Price Index by 3% pa over rolling 10 year periods and 2) The median return in the Super Ratings Survey of Balanced Options over rolling 10 year periods	To achieve investment returns after tax and fees exceeding the increase in the Consumer Price Index by 4% pa over rolling 10 year periods
Management fees* as at 30 June 2021	0.69% (deducted from the returns credited to your account)	0.71% (deducted from the returns credited to your account)
Strategy	Around 70% invested in growth assets and hence has a moderately aggressive investment risk profile	Fully invested in growth investments, and has a very aggressive investment risk profile

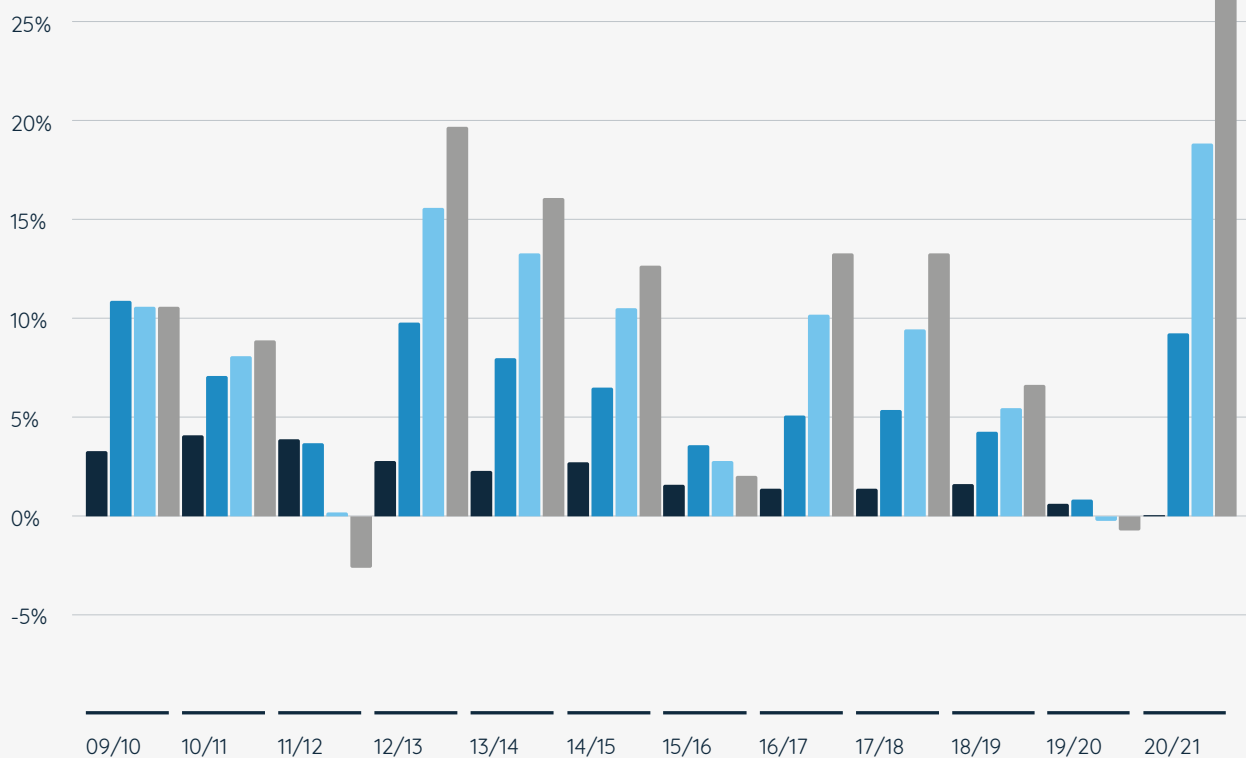
Asset allocation at as June 2021	Actual Allocation	Strategic Allocation	Actual Allocation	Strategic Allocation
Australian Shares	25.8%	24.5%	35%	35%
Overseas Shares	27.4%	26.5%	40%	40%
Property	11.2%	11%	10%	10%
Alternatives - Growth	12.6%	14%	12%	12%
Alternatives - Defensive	13.7%	11%	3%	3%
Fixed Interest	2.5%	6%	-	-
Cash	6.8%	7%	-	-

*Includes JANA and Board costs, plus investment management fees). Defined benefit members incur an additional 0.07% fee for administration expenses.

Investment option performance

The returns below are after tax and investment fees.

- Cash Pool
- Conservative Growth Pool
- Balanced Growth Pool
- High Growth Pool



Governance

Background

Electricity Industry Superannuation Scheme (ElectricSuper) is a superannuation scheme covering members employed in the electricity supply industry in South Australia. ElectricSuper was created in 2000 following the privatisation of ETSA.

ElectricSuper is established under the Electricity Corporations Act 1994 and is overseen by the Electricity Industry Superannuation Board ('the Board') made up of employer and union appointees, and member elected representatives. The Board is served by a Trustee Office.

Both defined and accumulation benefits are provided. The defined benefit sections are closed, with the accumulation section open to new members.

Main drivers

The main factors that affect the work of the Board include the following:

Legal

The Board is required to comply with the Act and the Rules of ElectricSuper. This requires that the Board seeks employer consent for any rule change that increases employer liabilities, and seeks member consent before winding up ElectricSuper.

Fiduciary

The Board has a fiduciary duty to members. This requires that any exercise of Board discretion be in the best interests of members. The Board is also required to act prudently when managing the fund.

Demographics

The majority of liabilities are defined benefit, and the average age of defined benefit members is over 50. Therefore a significant proportion of the ElectricSuper's liabilities is in respect of members who are approaching retirement over the next 5-10 years.

Expectations of members

ElectricSuper operates within the Australian superannuation industry and complies with industry norms as much as practicable. Pre-privatisation members were given a government promise that their superannuation would not be adversely affected by privatisation.



Compliance with legislation

Since 1994 private sector superannuation schemes have been governed by the Superannuation Industry Supervision (SIS) legislation and are regulated by the Australian Prudential Regulation Authority (APRA). They also come under the Superannuation (Resolution of Complaints) Act which gives their members' access to the Australian Financial Complaints Authority (AFCA).

The South Australian and Commonwealth Governments have a Heads of Government Agreement which enables certain public sector schemes to be exempt from the Commonwealth's Superannuation Industry (Supervision) Act 1993.

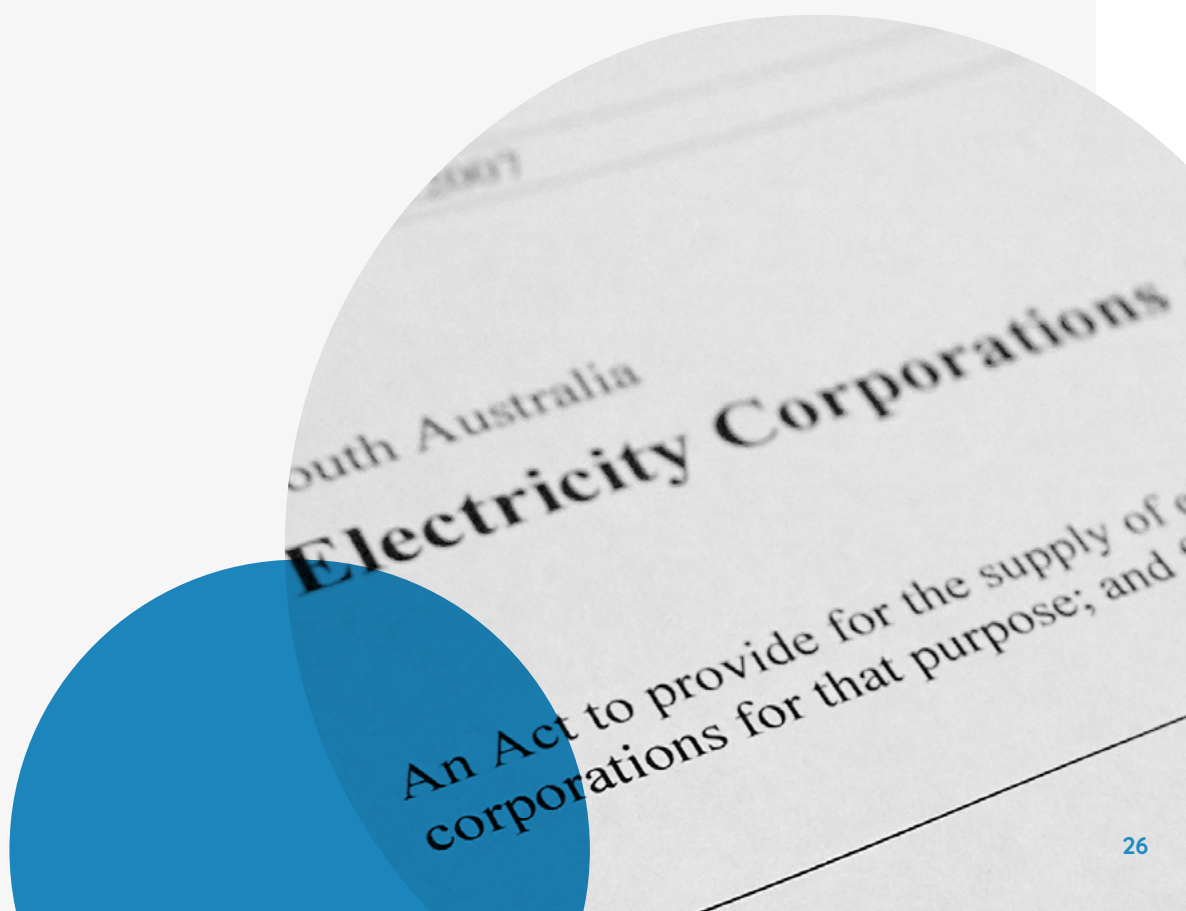
As a result of the Agreement, schemes established under the Electricity Corporations Act 1994 are, in terms of the Commonwealth legislation, exempt public sector schemes. Accordingly, ElectricSuper is not regulated by APRA nor is it required to operate under SIS legislation.

In terms of the Agreement, the South Australian Government has made a commitment to ensure that the exempt public sector schemes conform to the principles of the Commonwealth's retirement income policy objectives.

The Board believes, to the best of its knowledge, that in respect of the year ended 30 June 2021 ElectricSuper has conformed to these principles.

Compliance with the fund Rules

During the year ended 30 June 2021, the Board has, to the best of its knowledge, met all of its commitments as required by the Rules governing the fund.



Strategic Plan 2021



Areas of focus	What it means for you	KPIs
Members are well informed	<p>You'll have lots of opportunity to find out about your super, and have your questions answered.</p> <p>You'll understand what's needed to obtain your desired financial outcomes.</p>	<p>All members will have an opportunity for a face-to-face meeting with ElectricSuper staff at least once every 3 years.</p> <p>All members will be contacted:</p> <ul style="list-style-type: none"> • Four months after joining the fund • When they turn 50 • When a financial authority is received on their behalf <p>All member queries will be responded to within 2 working days.</p>
Investment returns	Returns on your super will be competitive.	<p>The Balanced Growth Option investment returns will exceed CPI plus 3% over rolling 3 and 10 year periods.</p> <p>The High Growth Option investment returns will exceed CPI plus 4% over rolling 3 and 10 year periods.</p> <p>The Conservative Growth Option investment returns will exceed CPI plus 1.5% over rolling 3 and 10 year periods.</p> <p>The Cash Option investment returns will match the Bloomberg AusBond Bank Bill Index over rolling one year periods.</p> <p>The Balanced Growth option will return above the median SuperRatings balanced fund over rolling 3 year and 10 year periods.</p>

Strategic Plan 2021 continued

Areas of focus	What it means for you	KPI's
Member Service Excellence	<p>ElectricSuper will be a good option for your super, both before and after retirement.</p> <p>You will be provided with competitive products and services.</p>	<p>ElectricSuper will exceed the median superannuation fund for each of the APRA heat map metrics</p>
Maintaining scale	<p>Your super won't be affected by the fund having to sell assets.</p> <p>Administration and investment costs on your super will remain competitive.</p>	<p>The fund will retain 75% by assets of members on retirement and 60% by assets of other members.</p> <p>Funds under management will be maintained at \$1bn or higher.</p> <p>Management Expense Ratio will remain below the industry average.</p>
Governance	<p>Your super will be in a fund that is well run.</p> <p>Risks will be well managed.</p>	<p>Internal audit will return 'Substantially Effective' findings.</p> <p>External audit will issue an unqualified audit report.</p> <p>The Board will average 16 hours of relevant training per Board member per year.</p>

Further information

What are the benefits?

ElectricSuper members belong to one of 4 sub-Schemes.

Open to new members

The Accumulation Scheme (Division 5):
Provides benefits based on contributions plus investment earnings. Members can choose their level of insurance cover.

Closed sub-Schemes

The Lump Sum Scheme (Division 2):
Provides lump sum benefits based on both investment earnings and salary levels.

The Pension Scheme (Division 3):
Provides lifetime pensions based on final salary and indexed with CPI. A lump sum may be paid on voluntary separation or retrenchment.

The RG Scheme (Division 4):
Provides lump sum benefits based on both investment earnings and salary levels.

Account-based Pensions

Lump sum benefits can be transferred to an account-based pension on retirement.

Insurance Benefits

All members (including retained members) are eligible for benefits on death or disability, that can help members or their dependants.

How are the benefits paid for?

The money to pay for benefits comes from member contributions, employer contributions and investment earnings. Member contributions are set by the member according to their wishes.

Employer contributions by the Participating Employers are set by the Board after receiving advice on the amounts required to pay for the benefits. Employers are required to pay contributions under the Rules of ElectricSuper. These contributions are monitored by an independent actuary who projects the likely benefit payments, salary growth and investment returns to estimate employer contributions, and reviews this annually or as required.

What do members contribute?

The level of member contributions is flexible. Generally, defined benefit members can choose any multiple of 1.5% of salary.

Full benefits from the defined benefits divisions (Divisions 2, 3 and 4) are achieved by contributing, on average, the standard contribution rate. This is, generally, 6% of salary, but can be between 5% and 6% in Division 3. Any voluntary contributions (AVCs) are returned to the member with interest in addition to the other benefits.

Division 5 members are not required to contribute, but may make contributions if they wish. Contributions are deducted from members' salaries each pay day.

Contributions can also be made for a member's spouse, which may have tax advantages.

Employer Funding

Employers must fund their liabilities in advance. In particular, each employer must contribute:

- amounts sufficient to keep the part of ElectricSuper related to the employer fully funded;
- in respect of each Voluntary Separation Package (VSP) benefit paid to a Pension Scheme member, an amount equal to the difference between the level of that benefit and the actuarial reserve for that member.

The actuary has specified the levels of employer contributions and these have been duly paid by the private sector employers. The total employer contributions paid in respect of 2020/21 was \$21.0m.

Separate accounts are operated for each of the employers.

What insurance does ElectricSuper have?

The Board takes out insurance against the death and invalidity of ElectricSuper members to protect the fund against those risks. Also ElectricSuper pays for insurance to protect the Board and the fund against the financial effects of any "honest mistakes" that might occur in the running of the fund.

How is personal information handled?

ElectricSuper holds personal information about members, such as name, address, date of birth, salary and tax file number in order to provide member super benefits. Members should realise that this personal information may be disclosed, when necessary, to ElectricSuper's Administrator and professional advisers, insurers, Government bodies, employers and other parties.

The Board has adopted a Privacy Policy that sets out the way members' personal information is handled. The privacy policy is available at www.electricsuper.com.au/privacypolicy or by calling 1300 307 844.

Minimum Benefits

All benefits paid from ElectricSuper are checked to make sure that they are at least equal to the minimum required under the Superannuation Guarantee legislation. Members received their mandatory 9.5% in 2020/21. However, this is a minimum and many members will have received more.

What information is available to members?

The first stop for information on ElectricSuper should be the website, www.electricsuper.com.au.

Members are entitled to access the ElectricSuper Rules, financial statements, the auditor's reports, the actuary's reports and the investment policy statement.

How do you make a complaint?

Most queries and problems can be resolved over the phone. We aim to respond within 2 working days (though it may be to ask for more time). We are happy to provide a written response if required via email or letter.

If a member is not satisfied with the response to a query they have made to ElectricSuper, they may send a complaint (in writing) to:

The Complaints Officer
ElectricSuper
Level 7, 70 Pirie Street,
Adelaide SA 5000

The Board will examine all written complaints and make a decision within the required timeframe. Please be assured that all written complaints will be passed to the Board.

Complaints not dealt with to the satisfaction of the member can be referred to the Australian Financial Complaints Authority (AFCA). AFCA is the government body created to resolve disputes in the superannuation industry, and can be contacted on 1800 931 678.



Financial details

Simplified Financial Report

The tables below show a summary of the draft accounts for ElectricSuper which shows how the finances of the ElectricSuper have changed over the last 2 years. For more detailed information, please refer to the full financial statements which appear on the ElectricSuper website.

During the year, what amounts did we receive?	2020/21 (this year) \$m	2019/20 (last year) \$m
What investment return did we earn?	258.8	-7.6
What contributions were received?		
• From employers	21.0	23.6
• From members by salary sacrifice	9.2	9.8
• From members after tax	6.3	5.7
What benefits were rolled in from other funds?	10.0	10.5
What other income did we receive?	0.5	0.4
Total income into the fund	305.8	42.4

During the year, what amounts were paid out?	2020/21 (this year) \$m	2019/20 (last year) \$m
What benefits were paid to members?	52.6	53.1
What did it cost to run the fund?	3.0	3.0
What were insurance premiums for death and disability benefits?	1.2	1.1
What tax was paid on contributions and investment returns?	16.0	-1.0
Total amounts paid from the fund	72.8	56.2

At the end of the year	2020/21 (this year) \$m	2019/20 (last year) \$m
How much money did the fund have?	1,556	1,324
What benefits did the fund owe to members if they had all left?	1,387	1,208

We're here to help... contact us!

Helpline 1300 307 844

Website www.electricsuper.com.au

Email inquiries@electricsuper.com.au

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Adelaide SA 5000

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Melbourne VIC 3001
GPO Box 4303
Melbourne VIC 3001

Electricity Industry Superannuation Board (the 'Board') ABN 57 923 283 236 as Trustee of the Electricity Industry Superannuation Scheme.

Disclaimer: This report is for the purpose of providing you with information about the products available from the ElectricSuper. The information is subject to change from time to time. The ElectricSuper Rules (the 'Rules') are the final authority should there be a discrepancy between this report and the Rules. The Board recommends that if you intend to act in connection with any information contained in this report you should first consult a licensed or appropriately authorised financial consultant.

 **Mercer**