



FIRST
super

PUTTING MEMBERS FIRST



An Industry
SuperFund

FIRST SUPER ANNUAL REPORT

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2021/22

AT A GLANCE



Managed over
\$3.6 billion in funds
for more than
47,000 members

15,936
employers



paid super
contributions
to First Super
members



One of the
best performing
Balanced options
with a 1.00% return



Members received
over **\$159 million** in
Super Guarantee
contributions and
contributed around
\$118 million extra
in salary sacrifice,
voluntary and
roll-in contributions

Paid out insurance
claims of around
\$26 million
(that's **94%** of
all claims)





Paid retirement benefits of over **\$201 million**

Members who called First Super only waited around **70 seconds** before being put through to a real person



Member Services made over **13,341** outbound calls to members and received **27,821** calls, **19,205** emails and **13,200** letters

First Super Financial Planners provided **154** Statements of Advice and helped members save almost **\$370,000** in tax, achieve **\$113,594** in maximised Age Pension entitlements, and boost their super with **\$10,299** in additional super co-contributions from the Government



CO-CHAIRS' MESSAGE



Welcome to First Super's 2021/22 Annual Report.

Michael O'Connor
Co-Chair, First Super

Mike Radda
Co-Chair, First Super

The 2021/22 financial year was a turbulent year for investment markets, which was in contrast to the previous financial year that produced very strong returns. Despite this we achieved a positive return for members and reduced our administration fee for accumulation accounts.

YOU'RE WITH ONE OF THE BEST PERFORMING SUPER FUNDS FOR 2022

In the face of ongoing investment market turbulence, we are proud that our (default) Balanced option, in which around 90% of members are invested, returned 1%. Only four other super funds' Balanced/default options had positive returns. The median return was -5%.

During the year we adopted a defensive investment position to protect members' super accounts as markets fell. And some investments had strong positive returns, offsetting losses. There is more detail later in this report about our investment performance and investment decisions during the year.

WEEKLY ACCUMULATION ACCOUNT ADMINISTRATION FEE REDUCED BY 17%

One area of focus for the Board during the year was the cost of administration services to accumulation account members. We secured a 17% reduction in the weekly administration fee cost, effective November 2021.

A MORE PROMISING FUTURE FOR SUPER

The biggest change in our operating environment was the election of a new Federal Government in May. The last few years of superannuation management by the Coalition Government has compromised the integrity of the super system for members.

We are hopeful the change of Government will bring a measured, responsible approach to the super sector and a more promising future for all Australians.

SERVICE QUALITY

A new Government allows for debate and agreement about what levels of customer service members should be entitled to receive. What we mean by this is: should superannuation fund members expect to speak to a human being about their needs, rather than giving up after being on hold for hours, or being directed to a website?

The cost-cutting drive to self-service advice by some super funds may be good for very marginal fee reductions. But if a member can't find out about important topics like investment switching or transition to retirement, they will potentially be much worse off financially in retirement, rendering any fee saving irrelevant.

Industry funds were not set up to provide poor customer service. We believe that there should be three measures of a fund's performance: investment returns, cost to members and service reliability and quality. First Super works to provide our members with superior performance across all of these areas.

ACKNOWLEDGEMENTS

On behalf of First Super's Board, we'd like to thank you for your continuing First Super membership. We'd also like to thank the Trustee office for supporting the Board and continuing to put members first. Without our commercial partnerships with Super Benefits Administration, the Union's Manufacturing Division, MetLife and Frontier Advisors, we would not have been able to provide members with quality service – we'd like to thank those partners as well.

CEO'S MESSAGE



Bill Watson
Chief Executive Officer

2021/22 was a good year for our members and the Fund.

We managed to generate positive investment returns in four out of our five investment options in a year in which many other funds generated negative returns, and in some cases losses of more than 5%. And for accumulation members, weekly administration fees were reduced by over 17%.

A GROWING MEMBERSHIP

After several years of declining membership, First Super's membership increased by a little over 2%. Considerable work has been undertaken to refine and implement the Fund's membership growth methodology and, combined with the KiwiSaver initiative, has contributed to membership retention and growth.

INCREASED IN EMPLOYER CONTRIBUTIONS

Members benefited from an 8.6% increase in employer contributions. This is well above the percentage increase in Superannuation Guarantee contributions from 9.5% to 10%. Member contributions also increased by nearly 60%.

MOUNT GAMBIER CAMPAIGN

Late in the financial year, our Marketing and Communications team developed a multimedia campaign to attract and retain members in regional Australia. Filming and photography took place in Mount Gambier in May and June. I'd like to thank our members who featured in the campaign and give a special shout-out to our canine friends who gave the commercials that special something.

KIWISAVER INITIATIVE

Our KiwiSaver initiative (where workers who have moved across from New Zealand to Australia can roll their retirement savings into First Super) continued to see an inflow of funds from New Zealand. In some cases, our members elected to use some of their retirement savings towards buying a home in Australia. With the re-opening of borders, we look forward to helping more New Zealanders who are settling permanently in Australia with looking after their KiwiSaver funds.

COLLEAGUES

The Trustee office team continued with the hybrid working model, mixing working in the office and from home effectively. I've been pleased to see days when most of the team are in the office – the buzz from interaction has been infectious.

We've had a number of colleagues join us during the year, with our Marketing and Communications team expanding, and the makeup of our Governance team changing. Our Executive Manager – Governance took up a senior role elsewhere, after providing calm counsel and a depth of knowledge for First Super for many years. We were fortunate to find a replacement in April, who comes to us with significant regulatory and financial services sector experience.

OUR PARTNERS

I'd like to thank our partners, without whom we would not be able to deliver great service and returns to members. They are: administration – SBA; asset consulting – Frontier Advisors; member and employer servicing – Manufacturing Division; insurance – MetLife; and custody and unit pricing – BNP Paribas.

THANK YOU, MEMBERS

Finally, I'd like to thank all our members for trusting us with your retirement dreams. We know that we are privileged to invest your retirement savings so that you and your families can enjoy dignified retirements.

ABOUT FIRST SUPER

First Super is an industry super fund run to benefit members.

OUR HISTORY

First Super was founded in 2008 when three industry super funds merged. These funds represented the furniture and joinery, pulp and paper and timber industries. To this day, First Super has strong, enduring relationships with these industries.

While furniture, paper and timber are our core industries, we also welcome members and employers from all other occupations. As a service-focused fund, we pride ourselves on really knowing our members and the jobs they do. And we aim to provide flexibility with our products and services, so there's something to suit everyone – whatever your retirement goals.

INVESTMENT OUTPERFORMANCE

During 2021/22, First Super's investments outperformed most other funds, with our Balanced option producing a positive return in a year of globally challenging markets. This goes to show that our steady, long-term approach pays off. Read our full investment report on pages 20 to 23.

A FOCUS ON SERVICE

Our goal is to give members a dignified retirement with strong investment returns, good value and helpful service, both when you're growing your super and when you start using it as a retirement income.

To do this, we provide hands-on help where you live and work. Our team of Member and Employer Coordinators are based in metro and regional areas around Australia. They can visit workplaces or meet with members one-on-one to help you stay informed, and even to assist with providing documents and completing forms. Find out more about our service offering on the next page.

PERSONALISED ADVICE

Like many funds, First Super offers a range of financial advice options. But unlike most funds, we offer a level of personal advice that is already covered by your administration fees and costs – so there is no extra cost. This can make the difference between confusion and confidence when it comes to super and retirement decision-making. Learn more about our financial advice offering on page 11.

KEEPING YOU INFORMED

First Super has a range of resources for members and employers that are regularly updated. This includes e-newsletters, articles, calculators, and our website firstsuper.com.au. We also run events and workplace seminars to keep members and employers informed.

For members, the secure online portal **firstonline** also allows digital management of your super in the following ways:

- > Update personal details
- > Roll in other super accounts
- > Change or add non-binding beneficiaries
- > Obtain an insurance quote
- > View current investment and insurance details
- > Check employer details and account transactions.

And we work with our key industries to share content widely, so you're always informed.

FIRST SUPER WINS GOLD



First Super is proud to have been recognised with the Gold award for our Pension, Choice and MySuper products from independent agency, SuperRatings.

SuperRatings' awards recognise the very best of the best within Australia's superannuation industry. They examine each fund's value proposition, from investment performance to fees to member servicing, to determine which funds are truly delivering for their members.

The rating is issued by SuperRatings Pty Ltd ABN 95 100 192 283 AFSL 311880 (SuperRatings). Ratings are general advice only and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and SuperRatings assumes no obligation to update. SuperRatings uses objective criteria and receives a fee for publishing awards. Visit superratings.com.au for ratings information and to access the full report.

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*First Super financial planners are authorised representatives of Industry Fund Services Limited (ABN 54 007 016 195, AFSL 232514).

MEMBER SERVICES MODEL



Research shows that there is an important link between financial literacy, planning for retirement, wealth accumulation and superannuation.

To help establish this link for our members, First Super has developed a 'high touch' Member Services Model to provide easy and consistent access to superannuation education, financial advice, and hands-on assistance. We believe this will help our members better understand their superannuation, and in turn make retirement savings and planning decisions that are in their best interests.

One example of education in action is the difference between how members may respond to events happening in markets. Some, with a greater understanding of investment cycles, can make more confident decisions and ultimately achieve higher investment returns, while others may make more reactive decisions that could wind up crystallising losses during a down market.

WHAT DOES OUR MEMBER SERVICES MODEL LOOK LIKE?

Our high touch service model means we offer a range of ways for members to connect with us. We have a focus on face-to-face and real person contact, delivered quickly, rather than simply diverting members to self-service digital solutions or expecting them to wait on hold for hours. Of course, we still provide these online options for members who do prefer to self-serve.

Our service model is comprised of:

- > In person service delivered by Member and Employer Services Coordinators. Our Coordinators are based in metro and regional areas around Australia and will travel to meet members or run workplace seminars. Our Coordinators can provide you with information and general advice about your superannuation and can assist you with completing forms to manage your account. You can see our team of Coordinators at firstsuper.com.au/coordinators.
- > Financial education and general advice delivered by our Coordinators, Financial Planners and Contact Centre.
- > Personal advice delivered by our Financial Planners*. This can be in person or by phone or video conference.
- > A dedicated Contact Centre team operating between 8am and 6pm, weekdays.
- > Printed superannuation information available on request, and superannuation information on our website that is constantly being updated.

MOST FIRST SUPER MEMBERS DON'T PAY EXTRA FOR ADVICE

Personal advice about your First Super account is covered by your administration fees and costs, so you don't pay extra for this advice. We only charge extra for personal advice that goes beyond a member's First Super account, for things like investments outside super, managing debt, a partner's financial situation, maximising Centrelink and Age Pension benefits and more. And we'll explain these charges clearly upfront.

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OUR RETIREMENT INCOME STRATEGY

First Super's vision is to enable our members to attain and maintain a dignified retirement. In support of that vision, our Retirement Income Strategy aims to ensure each member achieves a retirement income that supports their desired lifestyle.



Our Retirement Income Strategy is designed to expertly guide members as they get ready for or step into retirement by providing them with relevant products, information, education and financial advice. By understanding their own unique retirement income needs, members can then make informed decisions to achieve their desired goals.

Retirement income – a starting point

First Super refers to the Association of Superannuation Funds of Australia (ASFA) Modest¹ and Comfortable² retirement budgets as a starting point to help members work out how much they may need in retirement.

These retirement budgets show how much it costs to live during retirement and are based on a combination of superannuation pension payments, Age Pension payments, and other income sources where applicable. Members can then modify the budgets to suit their lifestyle goals.

¹ The ASFA Retirement Standard defines a Modest retirement lifestyle as slightly above the Age Pension which allows retirees to afford basic health insurance and infrequent exercise, leisure and social activities with family and friends. The Modest income is \$43,250 p.a. for a couple/ \$30,063 p.a. for a single as at June 2022.

² ASFA Retirement Standard defines a Comfortable retirement lifestyle as allowing retirees to maintain a good standard of living in retirement. It includes private health insurance, a range of exercise and leisure activities, the occasional restaurant meal, and an annual domestic trip and an international trip once every seven years. The Comfortable income is \$66,725 p.a. for a couple / \$47,383 p.a. for a single as at June 2022.

Both budgets assume that the retirees own their own home outright and are relatively healthy.

Our retirement products

First Super currently offers an Allocated Pension Account with two retirement options depending on a member's life stage:

- > Transition to Retirement – a product for those still working that allows members to reduce their working hours, while starting to receive their super and paying less tax.
- > Allocation Pension – a tax-effective retirement income.

Our retirement services

To find out more about our Retirement Income Strategy and the extensive range of retirement planning services available to you, visit firstsuper.com.au/about-us and go to 'Fund Governance'.



FINANCIAL ADVICE TO SUIT YOUR NEEDS

First Super offers expert financial advice from our team of Financial Planners*. This can be limited advice including topics such as growing your super balance and the best ways to use your super when you retire. This is offered at no additional cost.

Or you can choose personal advice, offered for a fee. This looks at your super, plus topics such as:

- > investments outside super
- > managing debts
- > the Age Pension
- > Centrelink benefits
- > your partner's financial situation.

ADVICE AND SUPPORT YOU CAN TRUST

Reliable financial advice can take retirement planning from complex to clear. First Super Financial Planners are salaried employees, not on commission. This means they're dedicated to building an ongoing trusting relationship, and providing support and advice that's genuinely in your best interests.

Case study – Always in your best interests

A First Super member was under the advice of an external financial adviser, not associated with First Super. Their super was invested in an external portfolio of single asset investments, and they were told it would generate a higher return.

For many years, the member had been unhappy with the performance of his super and felt he wasn't receiving the same returns as his workmates were getting with First Super.

He engaged First Super Financial Advice to help him review his investment choice. It turned out the external investment portfolio was performing poorly over both the short and long term. On top of this, the overall product fees and ongoing advice fees were much higher than what he would pay with a First Super account.

Armed with this information the member made the informed decision to roll his full balance to First Super.

RETIREMENT HEALTH CHECKS

A great place to start retirement planning is our new Retirement Health Checks, offered at no additional cost.

Held with one of our Financial Planners, the 30-minute Retirement Health Check can:

- > project how much super you could have when you retire
- > tell you how long your super savings are likely to last in retirement
- > tell you if the Age pension may provide income during retirement.

By the end of the meeting you'll know if your super is on track for retirement, or if you need any additional help to boost it and how to obtain that help. To book a Retirement Health Check call us or visit firstsuper.com.au/advice and go to 'Retirement Health Check'.

Case study – Retirement Health Checks in action

Two of our initial Retirement Health Checks ended with both members commenting: "This is exactly what I needed to know."

One member was hoping to retire during the calendar year. The Retirement Health Check showed that, to achieve his financial goals in retirement, he would have to work for five more years, even if on a part-time basis. This member is now looking to cut back his hours but work a bit longer. While he had to postpone his retirement, he can now have confidence that when he does retire his superannuation and other savings will last the distance.

The other member was on track to retire in eight years at age 60 and enjoy the modest lifestyle he desired. He simply needs to keep up to date on the eligibility rules for the Age Pension, information our advisers can readily provide.

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OUR 3-YEAR STRATEGIC PLAN

Our Vision:

Enabling our members to attain and maintain a dignified retirement.

Our Purpose:

Before retirement – educating, investing, growing and protecting retirement savings
 When retired – delivering members returns and services to sustain their dignified retirement

Our Member Outcomes:

Members under the age of 40 are on track to achieve at least 80% of ASFA's Comfortable Retirement Standard
 Members over the age of 40 are on track to achieve at least 90% of ASFA's Modest Retirement Standard

STRATEGIES





PROGRAMS

- > Annual marketing and communications program

- > Major partnerships program
- > Contract management program

- > Investment Committee work program

- > Compliance Program
- > Risk Management
- > Internal Audit Program
- > Stakeholder management program

PROJECTS

- > Insurance procurement
- > Digital offering
- > Member onboarding

- > Administration procurement
- > Member and employer services procurement
- > Member journey

- > Climate Change
- > Embedding ESG

- > MBFI framework
- > Financial Accountability Regime
- > 6Clicks GRC

THE YEAR IN REVIEW

Here's an overview of what's been happening over the last 12 months.

July 2021



SG increases to 10%

The Superannuation Guarantee (SG) increases to 10% of a member's salary and will continue to increase 0.5% each year until it reaches 12%, putting more money in members' accounts for retirement.

August 2021

Supporting our industry partners

With COVID lockdowns again in force, our Business Development Managers and Coordinators supported and engaged with our employer and industry associations via online meetings.



September 2021



Financial Planning Webinars

Our Financial Planning Team held two webinars for members planning for or starting retirement to help them understand the latest super and Age Pension rules and make an informed decision about their next step.



October 2021

Statements are in the mail

2020/21 Annual Statements and Full-Time brochures are sent to all First Super members by post and email notifying them of their account balance, investments, insurance arrangements, and Fund updates.



November 2021

First Super reduces fees

Our weekly administration fee for accumulation account members is cut by 17%. It's all part of our plan to keep fees down, while still maximising the value of a First Super membership.

Superannuation stapling comes into effect

New legislation comes into effect where members starting a new job will have their super paid to their existing or 'stapled' account, unless they actively choose another fund. This is to prevent members having multiple accounts and paying unnecessary fees. First Super helps employers manage this change via access to our Coordinator team, along with information emails and a dedicated webpage.

December 2021



First Super a top 10 fund

First Super ranks #8 in the top #10 high-performing public offer funds in superannuation regulator Australian Prudential Regulation Authority (APRA)'s annual performance test. We out-perform 72 other funds, showing we're big enough to perform but still small enough to care about our members.

THE YEAR IN REVIEW

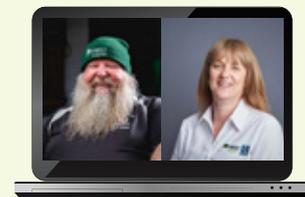
CONTINUED

January 2022



Financial Advice team launches Retirement Health Checks

Offered at no additional cost, the 30-minute Retirement Health Check helps members work out how much super they need for retirement, if they're on track, and how to get further help if needed.



February 2022

Celebrating the community at Heyfield Timber Festival

First Super was proud to support this event, which was held for the first time in 27 years. Great to be back out after COVID lockdowns too!



March 2022

First Super assists flood-affected members in NSW and Qld

First Super Member & Employer Services Coordinators located in regional areas are immediately on the ground in flood-affected areas assisting members with questions about super, such as early release and lost identity documents.





30 YEARS OF COMPULSORY SUPER

2022 marked 30 years of compulsory super in Australia. Engineered by the Labor Government, the compulsory super system is designed to provide a dignified retirement for all Australians, while easing pressure on the pension system. First Super continues this legacy by aiming to help our members attain and maintain a dignified retirement. One in 10 First Super members who joined at the start of the Super Guarantee in 1992 now have a balance greater than \$295,000, while all of our members are working towards a more financially secure retirement than previous generations.

April 2022

Financial Planning visits

Our Financial Planning Team spends a lot of time on the road visiting members at their workplaces or home. This month they made trips to Myrtleford, Traralgon and Mount Gambier.



May 2022

Government announces \$450 super threshold will be removed

Taking effect 1 July 2022, SG contributions will be paid on any amount earned, giving casual and seasonal workers the chance to build their super savings.

First Super members feature in photo shoot

First Super spends time with members in Mount Gambier and Traralgon who have volunteered for a photo shoot. We love using real member photos in our marketing and communication materials – and our members are excited to be involved.



June 2022

First Super is one of the best performers for 2022

We're proud to be one of only a handful of super funds in Australia to deliver a positive investment return to members, with our Balanced option (where most members are invested) achieving 1% in a year of intense market volatility.



First Super wins gold

We're recognised with the Gold award for our Pension, Choice and MySuper products from independent agency, SuperRatings. SuperRatings' awards acknowledge funds that are delivering for members across investment performance, fees and member servicing.

RESPONSIBLE INVESTING

At First Super, we take steps to ensure our members' retirement savings are protected against environmental, social and governance (ESG) risks. There's more than enough evidence to support the belief that companies with sound ESG risk management outperform ESG non-believers.

By incorporating ESG risks as part of First Super's investment strategy, we consider the overall impact of an investment. This means looking beyond just the possible investment return and asking questions like 'Is it sustainable?' and 'Is it well run?' and 'Are employees treated fairly?'

At the heart of our ESG application is how investment returns are generated. If it's not sustainable, or if it's the result of bad corporate behaviour, then it's not right for us.

During the financial year we made significant progress in embedding ESG in our private equity program and we developed an ESG indexed shares strategy and an ESG international equity indexed strategy. We suffered a temporary setback in embedding ESG into our fixed interest asset class investments, which we are currently addressing.

PRIVATE EQUITY

Through our private equity program, we apply an ESG evaluation framework developed with our private equity mandate manager, Stafford Partners.

Our ESG private equity program made a further seven investments during the year, investing just under \$50m of member retirement savings.

Businesses we invested in range from health services, coffee roasting and distribution, share registry services, flow meters, health and wellness supplements and infant needs. Each of these investments were subject to extensive screening for ESG risk. Where potential risks were identified, the private equity managers sponsoring the investment opportunity agreed to address these risks and to report back on progress closing them out.

We have now fully invested our initial \$100m allocation to the 2019 ESG private equity mandate and will consider during 2023 whether to award another mandate to our private equity manager, Stafford.

We have commenced a review of the program to identify what's worked well and what can be improved.

ESG INDEXED SHARES

Working collaboratively with fund manager IFM Investors, our asset consultant, Frontier Advisors, and our investment implementation consultant, Corinella Capital, we developed an ESG indexed shares strategy.

We will be implementing this during the 2022/23 financial year.

INTERNATIONAL INDEXED EQUITY

Working with IFM Investors we have developed an international equity indexed strategy which places particular emphasis on labour relations, occupational health and safety, supply chain and modern slavery factors.

FIXED INTEREST

We thought we had made progress in the fixed interest asset class when we awarded a mandate to a fixed income manager which had a sophisticated approach to applying ESG factors. This appointment was made following extensive assessment and was based on expert advice.

Disappointingly, the fund manager decided to close the fund only four months after our initial investment, meaning we had to withdraw.

While this is a setback, we will continue to seek out fixed income and floating rate debt managers who have demonstrable and repeatable ESG integration processes.



PROXY VOTING

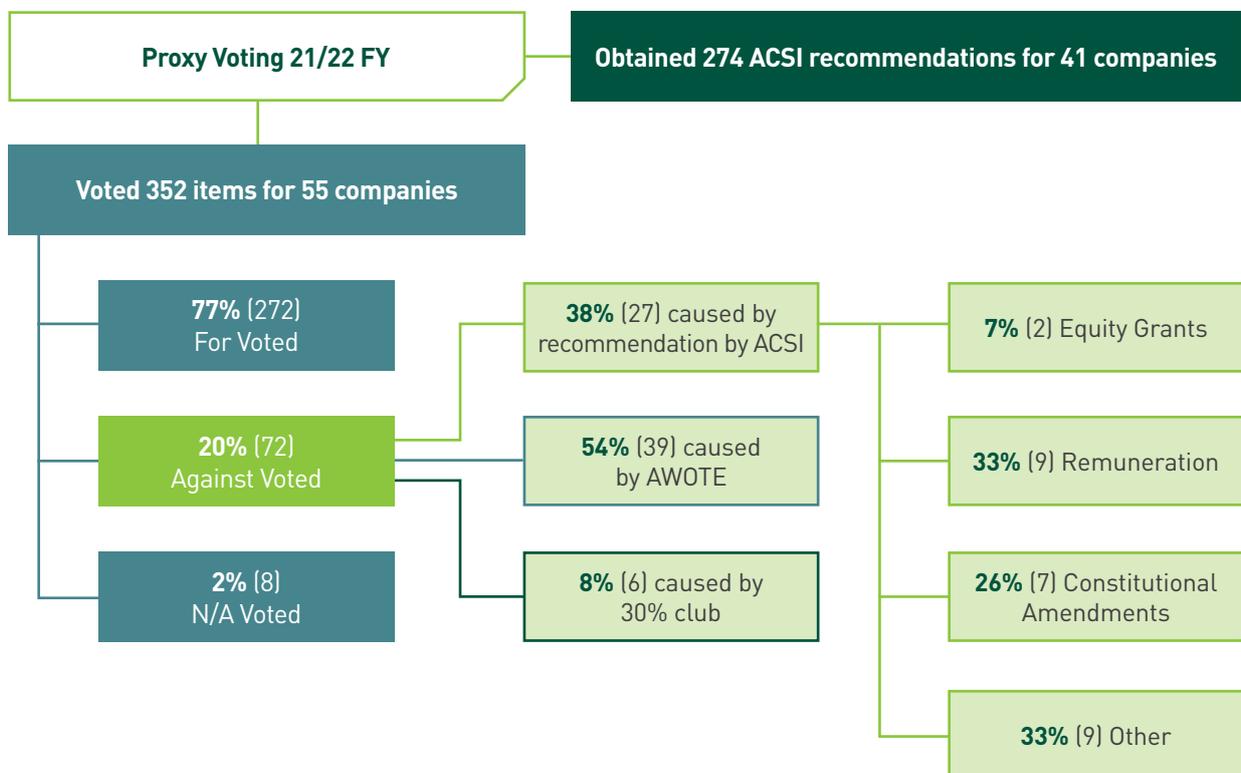
Fortunately, the former Federal Government’s attempt to neuter proxy advisors failed in February 2022. The former Senator Rex Patrick, Senator Jackie Lambie and One Nation were instrumental in getting the Senate to set aside the former Treasurer’s proxy voting regulations. We are grateful for their leadership on this.

Setting aside anti-proxy advisor regulations meant that we were able to use the Australian Council of Superannuation Investors (ACSI) to advise on proxy voting for Australian shares.

The diagram below illustrates how we voted during 2021/22.

Keypoints:

- > We voted on 352 company resolutions generated by 55 companies.
- > Of the 20% resolutions we voted against:
 - For 38% we voted against based on advice provided by ACSI, for a range of reasons as shown below.
 - For 54% we voted against remuneration reports because pay increases awarded were above increases in average weekly ordinary time earnings.
 - For 8% we voted against because there were fewer than 30% women on the company’s board. This low percentage is pleasing in that it shows listed companies are making significant progress in achieving board diversity.



INVESTMENTS

This section provides a review of First Super's investment performance, our 2021/22 crediting rates, and a breakdown of where the investments held by the Fund during the financial year were allocated as at 30 June.

First Super's Balanced (MySuper) option was one of only a few Balanced options across the superannuation sector to generate positive returns for the 2021/22 year, earning members 1.00%.

Overall, however, and in contrast to the exceptionally strong returns for 2020/21, investment returns for last financial year were much lower across the board, and in the case of our SharePlus option, modestly negative.

The biggest factors leading to lower returns were losses in share and bond markets. Other asset classes generated positive returns.

Only four Balanced options generated positive returns last year – including First Super's. In fact, our Balanced option was the second-best performing option.

The table below sets out the investment returns for First Super's accumulation and pension options for 2021/22. All options finished in their respective SuperRating's top quartile*. No option achieved their CPI+% benchmark.

Investment option	Super %	Pension %
Shares Plus	-0.45	-0.20
Growth	0.01	0.43
Balanced	1.00	1.13
Conservative Balanced	0.23	0.45
Cash	0.29	0.35

WHAT DROVE THE LOWER RETURNS?

Up until November–December 2021, it looked like we would post modest returns for 2021/22. But share markets started to decline in late December and continued this way, despite staging temporary recoveries in February and March.

During the year, central banks tightened money supply, increasing interest rates from record lows in response to emerging inflation. Coming into the financial year, markets were divided on whether inflationary surges were temporary or persistent. Central banks were hesitant to take early action, which lulled many within the markets into a false sense of security. This also meant that when central banks finally acted, their response was aggressive.

In February, the Russian invasion of Ukraine introduced further uncertainty into markets, and the subsequent shortages of food and energy fuelled inflationary fears. Headline inflation in the US reached above 8% in March and was at 9.1% in June.

In the last quarter of 2021/22 central banks sprang into action. Our own Reserve Bank increased the cash rate from 0.10% to 0.85% by June and has taken further action since then.

In the US, the Federal Reserve also increased the target rate from March onwards from 0.25% to 2% at 30 June.

Unsurprisingly, financial markets reacted adversely to the combination of interest rates increases, inflation, fears of wages breakouts and the consequences of Russia's invasion of Ukraine. During the last financial year, the Australian S&P/ASX lost 7.4%, S&P 500 lost 18.4%, developed markets lost 11.3% and emerging markets lost 18.4%.

Interest bearing securities also performed poorly, with 10-year government bonds losing 18.7% – probably the worst performance for bonds ever. The US dollar strengthened against many currencies, including the Australian dollar, which lost 8.4% relative to the USD.

*SuperRatings is a ratings and research agency for the superannuation industry.



HOW DID THIS FLOW THROUGH TO INVESTMENT OPTIONS?

First Super's Balanced option outperformed its strategic asset allocation (SAA) benchmark, returning 1.00% against a benchmark of -4.9%. This placed it in the SuperRatings top quartile. Being underweight in both fixed income and shares meant that the option lost less in these asset classes compared to other funds' Balanced options.

Positive contributors to the strong result were manager selection (particularly Australian private equity +1.5%, international infrastructure +1.2% and Australian infrastructure +1.0%), and the fact we were overweight in our SAAs for each of those asset classes.

Although Australian equities as an asset class produced a negative return, Ausbil lost less than the benchmark, -2.55% against -6.78%, and Alan Gray produced a positive result at 5.54%. Being underweight in Australian and international fixed income was also a positive contributor, with losses being lower than the benchmark.

Property was a drag on performance with the QIC property fund returning 5.55% against a 9.66% benchmark. The Fund will exit the QIC fund during the 2022/23 financial year.

Within Australian private equity, Industry Super Holdings, ROC, and the Stafford mandate all outperformed the benchmark return of -1.97%.

MANAGER AND ASSET ALLOCATION CHANGES

The Fund was underweight in Australian and international fixed income and international equities and significantly overweight cash. Being underweight meant that we incurred fewer losses in these asset classes than if it had been at weight and relative to a typical Balanced option.

Early in the financial year, Cameron Hume was awarded a fixed interest mandate with a strong ESG filter. Disappointingly, Sanlam Universal Funds, the manager of the Cameron Hume funds, resolved to terminate these funds in November 2021. First Super was redeemed in full. Sanlam's explanation for their decision remains unsatisfactory, and as a consequence of this First Super will not invest in any Sanlam sponsored managers and products in future.

Cameron Hume proceeds were re-invested in fixed interest products. We are actively searching for a replacement manager.

The Fund increased the long-term strategic asset allocation to growth assets for both the Growth and Balanced options effective December 2021.

LOOKING AHEAD

For the time being we remain overweight in cash and underweight in international shares, property and fixed interest, and we will continue to take a cautious approach as we face a high interest rate and high inflationary environment going forward.



INVESTMENTS

MANAGING INVESTMENTS

How we credit members' accounts

Each First Super member account earns investment income at the Fund's declared crediting rate. The crediting rate used depends on the investment option(s) chosen by the member.

First Super declares a crediting rate return each month for each of its five investment options, based on earnings and estimated investment fees and tax.

After the end of the financial year (30 June), or when a member leaves the Fund, we adjust the member's account based on the accumulated weekly performance of each investment option after deducting tax and fees and allowing for reserves.

At the end of the financial year, the amount applied to a member's account is based on their average daily account balance and the related weekly performance for their chosen investment option(s).

Interim crediting rates

First Super also determines interim crediting rates for earnings, which apply when members are paid a benefit during the year. These rates are calculated based on the declared weekly crediting rate for any part of the week up to the date of exit or withdrawal. If a member leaves the Fund, an interim crediting rate is applied to the entire account balance.

Crediting rates and interim earning rates may be positive or negative. If the crediting rate is positive, member account balances grow. If the rate is negative, member account balances are reduced. It is normal for investment returns to fluctuate, and they may be negative in some years. The actual returns are based on the performance of the underlying investments and First Super can't guarantee any specific rate of return.

Use of derivatives

First Super allows some of its investment managers to use derivative instruments to help manage risk and for other defensive purposes. The managers must use derivatives within strict parameters.

Derivative instruments are not used for speculative investing. The Trustee Derivative Charge Ratio did not exceed 5%.

Crediting rates for the past 10 years

Investment option	2021/22 financial year %	Past 2-years % p.a.	Past 3-years % p.a.	Past 5-years % p.a.	Past 10-years % p.a.	Inception date
Superannuation crediting rates						
Balanced (default)	1.00%	7.65%	4.70%	6.27%	8.23%	01/07/1988 [^]
Cash	0.29%	0.36%	0.69%	1.28%	1.99%	01/03/2001
Conservative Balanced	0.23%	4.90%	3.09%	4.58%	6.40%	01/07/2008
Growth	0.01%	8.85%	5.22%	6.92%	9.40%	14/10/2011
Shares Plus	-0.45%	10.28%	5.89%	7.85%	10.67%	01/03/2001
Pension crediting rates						
Balanced (default)	1.13%	8.41%	5.11%	6.60%	8.88%	18/03/2005
Cash	0.35%	0.45%	0.83%	1.49%	2.32%	01/07/2005
Conservative Balanced	0.45%	5.64%	3.64%	5.22%	7.20%	01/07/2008
Growth	0.43%	10.20%	6.11%	7.85%	N/A	10/08/2013
Shares Plus	-0.20%	11.61%	6.75%	8.52%	11.54%	01/07/2005

[^]The composition of the Balanced option was fundamentally different prior to 1 July 1988.

Note: 'N/A' indicates there was no similar investment option available 10 years ago.

Past performance is not a reliable indicator for future investment performance.



INVESTMENT CHOICE

How you invest your super can make a real difference when it comes to your superannuation savings and retirement income.

First Super offers members five investment options. Each investment option has a different target for returns and level of risk.

1 Shares Plus

2 Growth

3 Balanced

4 Conservative Balanced

5 Cash

You can choose to invest in one of these options, or you can choose a combination. And if you change your mind, or your financial goals change, you can switch your investment choice anytime as long as you have at least \$1,000 in your account.

→ See our investment options as at 30 June 2022 on the following pages.

A HISTORY OF STRONG RETURNS

Over the 10 years to 30 June 2022, our Balanced investment option has returned an average of **8.23% each year***.



*Past performance is not an indicator of future performance.

INVESTMENTS

Investment options as at 30 June 2022

Shares Plus

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 4.0% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in three
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings High Growth (91-100) Option Survey over rolling five-year periods

Investor profile

This investment option is likely to appeal to members with a long-term view of their super savings and/or who are prepared to accept higher risk in the search for higher returns.

Risk profile

The Shares Plus option is likely to provide a high degree of volatility and fluctuations in returns and is at the high end of the risk/return range. The risk may increase by the nature of overseas investments, which means that this option is subject to the considerable extra risk of currency fluctuations and international events. It is likely to outperform the other investment options offered over the long term.

Minimum investment time frame

The suggested minimum investment time frame for Shares Plus is 10 years.

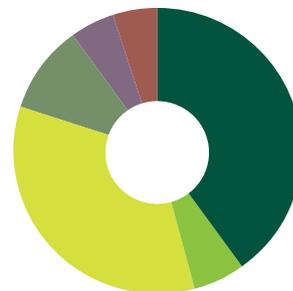
Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 5.41 IN EVERY 20 YEARS

RISK BAND: 6 RISK LABEL: HIGH

Asset allocation and ranges

Strategic % as at 30 June 2022*



Asset class	Strategic	Range
● Australian Listed Equities	40.0%	0-60%
● Australian Unlisted Equities	6.0%	0-20%
● International Listed Equities	34.0%	0-60%
● International Unlisted Equities	0.0%	0-5%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

Asset Mix: Growth 90% – Defensive 10%

Growth

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.75% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in three
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year period

Investor profile

This option is likely to appeal to members who are prepared to accept higher investment risk in the search for higher returns, but also wish to reduce the risk of very large investment losses by diversifying into some defensive assets.

Risk profile

The Growth option is likely to provide a high degree of volatility and fluctuations in returns. It has a lower investment risk/return profile than the Shares Plus option because it has a higher exposure to defensive assets. Over the long term it is likely to outperform the other investment options, except for Shares Plus.

Minimum investment time frame

The suggested minimum investment time frame for Growth is 10 years.

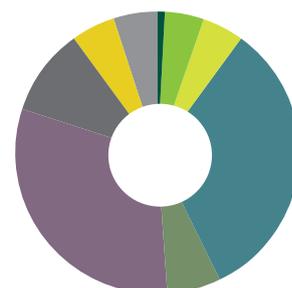
Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 5.16 IN EVERY 20 YEARS

RISK BAND: 6 RISK LABEL: HIGH

Asset allocation and ranges

Strategic % as at 30 June 2022*



Asset class	Strategic	Range
● Cash	1.0%	0-20%
● Australian Fixed Income	4.5%	0-20%
● International Fixed Income	4.5%	0-20%
● Australian Listed Equities	33.0%	0-55%
● Australian Unlisted Equities	6.0%	0-25%
● International Listed Equities	31.0%	0-55%
● International Unlisted Equities	0.0%	0-10%
● Australian Unlisted Property	10.0%	0-20%
● Australian Unlisted Infrastructure	5.0%	0-10%
● International Unlisted Infrastructure	5.0%	0-10%

Asset Mix: Growth 80% – Defensive 20%



Investment options as at 30 June 2022

Balanced

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 3.0% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in four
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Default Option Survey over rolling five-year periods

Investor profile

This option is likely to appeal to members seeking mid to long term growth of their super along with diversification across asset classes.

Risk profile

Designed to provide good growth over the mid to long term while reducing risk through diversification. Likely to slightly underperform against the Shares Plus and Growth options over the long term.

Recommended time frame

Superannuation is a long-term investment, and the Balanced option is designed to outperform inflation over rolling 10-year periods.

Minimum investment time frame

The suggested minimum investment time frame for Balanced is 10 years.

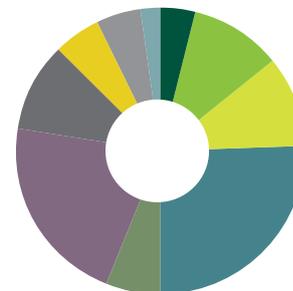
Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 3.55 IN EVERY 20 YEARS

RISK BAND: 5 **RISK LABEL:** MEDIUM TO HIGH

Asset allocation and ranges

Strategic % as at 30 June 2022*



Asset class	Strategic	Range
Cash	4.0%	0-15%
Australian Fixed Income	10.0%	0-40%
International Fixed Income	10.0%	0-40%
Australian Listed Equities	25.0%	0-40%
Australian Unlisted Equities	6.0%	0-25%
International Listed Equities	23.0%	0-40%
International Unlisted Equities	0.0%	0-5%
Australian Unlisted Property	10.0%	0-20%
Australian Unlisted Infrastructure	5.0%	0-10%
International Unlisted Infrastructure	5.0%	0-10%
Other	2.0%	0-5%

Asset Mix: Growth 66% – Defensive 34%

Conservative Balanced

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds inflation, as measured by the Consumer Price Index, by at least 1.5% per annum over rolling 10-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to less than one in five
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Conservative Balanced [41-59] Option Survey over rolling five-year periods

Investor profile

Members investing for the short to medium term who want a more secure option with less chance of fluctuations than the Shares Plus, Growth or Balanced options and/or members looking for lower risk options for their super savings.

Risk profile

Designed to provide more stable returns than the Shares Plus, Growth or Balanced options. It is at the lower end of the risk/return range and is likely to underperform against the Shares Plus, Growth or Balanced options over the medium to long term.

Minimum investment time frame

The suggested minimum investment time frame for Conservative Balanced is 10 years.

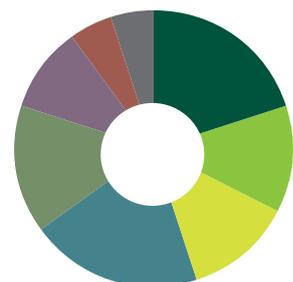
Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 3.29 IN EVERY 20 YEARS

RISK BAND: 5 **RISK LABEL:** MEDIUM TO HIGH

Asset allocation and ranges

Strategic % as at 30 June 2022*



Asset class	Strategic	Range
Cash	25.0%	0-40%
Australian Fixed Income	12.5%	0-45%
International Fixed Income	12.5%	0-45%
Australian Listed Equities	15.0%	0-30%
International Listed Equities	15.0%	0-30%
Australian Unlisted Property	10.0%	0-20%
Australian Unlisted Infrastructure	5.0%	0-10%
International Unlisted Infrastructure	5.0%	0-10%

Asset Mix: Growth 40% – Defensive 60%

*Actual asset allocation percentages may not add up to 100% due to rounding.

INVESTMENTS

Investment options as at 30 June 2022

Cash

Objectives

- > Achieve an investment return (after tax and investment expenses) that exceeds the Bloomberg Ausbond Bank Bill Index over rolling five-year periods
- > Confine the chance of the rate credited to members falling below zero in any financial year to being negligible
- > Achieve an investment return (after tax and investment expenses) that exceeds the median of the SuperRatings Cash Option Survey over rolling five-year periods

Investor profile

Members investing for the short term and/or those who want a secure option with a low chance of investment fluctuations. This may be suitable for members intending to realise or reorganise their investments in the near future who want to avoid the possibility of a loss over that period.

Risk profile

Designed to provide very stable returns at the lowest end of the risk/return range. However, it is likely to underperform all other investment options offered over all but the shortest periods.

Minimum investment time frame

The suggested minimum investment time frame for Cash is one year.

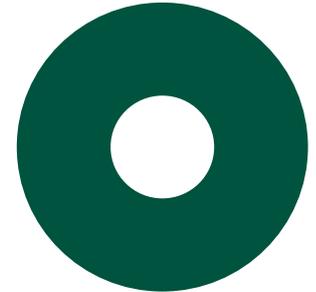
Standard risk

LIKELIHOOD OF NEGATIVE RETURNS: 0.0 IN EVERY 20 YEARS

RISK BAND: 1 RISK LABEL: VERY LOW

Asset allocation and ranges

Strategic % as at 30 June 2022*



Asset class	Strategic	Range
● Cash	100%	0-100%

Asset Mix: Defensive – 100%

*Actual asset allocation percentages may not add up to 100% due to rounding.





INVESTMENTS HELD BY FIRST SUPER

First Super invests in a range of asset classes handled by leading Australian and international investment managers. Spreading your money across different asset classes effectively spreads the risk, reducing the likelihood of poor returns on the overall value of the investment.

	30 June 2022 \$
Australian Private Equities	
Frontier Investment Consulting	371,745
Industry Super Holdings	64,809,463
ROC Partners Trust IV	1,878,559
Stafford Private Equity 3	589,857
Stafford Private Equity 4	584,925
First Trust Portfolio	171,233,345
Super Benefits Administration	3,672,602
Total Australian Private Equities¹	\$243,140,496
Australian Equities	
Allan Gray Australian Equities Fund	168,591,750
Ausbil Australian Equities Fund*	273,314,936
Eley Griffiths Aust Equities Small Companies Mandate	101,363,376
IFM Enhanced Index Aust Equity Mandate*	298,088,968
Total Australian Equities¹	841,359,030
Australian Infrastructure	
Utilities Trust of Australia	71,792,292
IFM Australian Infrastructure Fund	203,836,704
Total Australian Infrastructure¹	275,628,996
Cash and Capital Guaranteed	
IFM Transact Cash Fund	38,628,229
Short Term Cash Account (Term Deposit)*	309,961,248
Cash	67,436,094
Total Cash and Capital Guaranteed¹	416,025,571

	30 June 2022 \$
Fixed Interest	
Blackrock Global Bond Index Fund	97,808,723
Blackrock Aus Bond Index Fund	111,392,518
IFM Specialised Credit Fund*	205,879,155
PIMCO Target Return Fund	90,228,292
Westbourne Infrastructure Debt Fund 2	19,818,440
IFM Aus Credit Opportunities Mandate	325,846
Total Fixed Interest¹	525,452,974
International Equities (Hedged)	
Blackrock International Index Fund Hedged	181,774,670
Total International Equities (Hedged)¹	181,774,670
International Equities (Unhedged)	
Blackrock International Equities*	199,435,958
C Worldwide Global Equity Fund*	176,678,468
Capital Group Global Equity Fund*	191,875,585
Total International Equities (Unhedged)¹	567,990,011
International Infrastructure	
IFM International Infrastructure*	211,022,835
Total International Infrastructure¹	211,022,835
International Private Equity	
IFM International Private Equity 1	125,323
Wilshire Private Markets LPs	2,792,672
Total International Private Equity¹	2,917,995
Property	
ISPT Core Fund*	239,640,789
QIC Property Fund	78,180,557
Total Property¹	317,821,346

* These assets represent 5% or more of the Fund

1. The total of the portfolio may not be equal to the sum of the investment listings due to the inclusion of GST, cash and receivables under the portfolio.
2. The difference between the total investments held and the investment assets listed on page 28 is due to the cash in Perpetual and Macquarie transition accounts, which don't belong to any of the listings above.



\$3,607,342,420 Total investments²

FINANCIALS

The following information is an abridged version of First Super's Financial Statements for the 2021/22 financial year.

A copy of the audited Financial Statements is now available to download at firstsuper.com.au.

Statement of financial position	30 June 2022 (\$)	30 June 2021 (\$)
Assets		
Investments	3,631,612,637	3,602,439,871
Other assets	10,763,794	4,892,839
Total assets	3,642,376,431	3,607,332,710
Liabilities		
Tax liabilities	41,034,688	77,836,632
Other liabilities	7,754,101	7,828,544
Total liabilities	48,788,789	85,665,176
Net assets available for members' benefits	3,593,587,642	3,521,667,534
Members' benefits	3,572,958,028	3,500,987,322
Net assets	20,629,614	20,680,212
Equity		
Operational risk reserve	9,260,550	9,237,995
Other reserves and undistributed earnings	11,369,064	11,442,217
Total equity	20,629,614	20,680,212
Income statement		
	30 June 2022 (\$)	30 June 2021 (\$)
Superannuation activities		
Investment income	15,817,322	489,006,764
Other income	2,562,993	2,224,942
Total superannuation activities revenue	18,380,315	491,231,706
Expenses		
Investment expenses	5,183,342	4,722,029
Administration and operating expenses	15,354,540	14,570,215
Total expenses	20,537,882	19,292,244
Results from superannuation activities before income tax expense	(2,157,567)	471,939,462
Income tax (expense)/benefit	20,677,265	(38,664,602)
Results from superannuation activities after income tax expense	18,519,698	433,274,860
Less net benefits allocated to members	(18,573,069)	(430,503,294)
Operating result after income tax	(53,371)	2,771,566

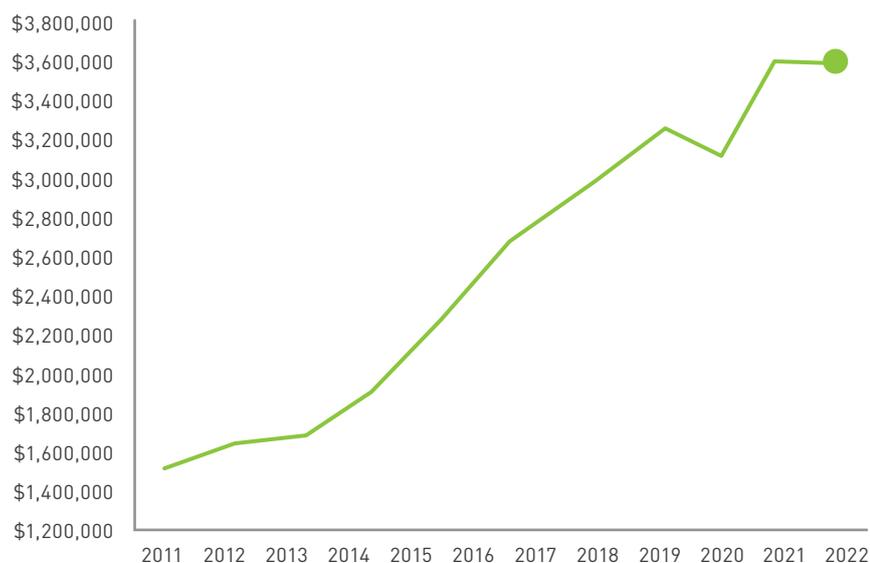


\$3,642,376,431

Total assets under management



Funds Under Management (\$'000)



\$3.63bn

the total value of First Super's assets as at 30 June 2022

\$277,376,254

the total value of contributions made to First Super member accounts for the 2021/22 financial year

Fund equity

The Trustee maintains a reserve for administration and operational purposes, such as paying costs and receiving administration fees. The value of the administration reserve is generally between 0.1% and 0.9% of Fund assets and is invested in the Balanced investment option.

Year ending 30 June	Reserves and undistributed earnings balance (\$)
2022	\$11,369,064
2021	\$11,442,217
2020	\$9,498,166

From 1 July 2013, First Super established a separate Operational Risk Financial Reserve (ORFR) to address potential losses arising from operational risks as required under superannuation legislation. There are specific guidelines and processes surrounding the operation and utilisation of this reserve, which are contained within First Super's Operational Risk Requirement Policy. The amounts in the table above exclude the ORFR.

The ORFR was funded by a transfer of funds from the administration reserve after the annual audit was completed for the 2013 financial year. Although initially invested in cash and fixed interest securities, the ORFR may be partially invested in the other assets, including listed shares and other liquid securities. It is now invested in the Conservative Balanced investment option. The value of the ORFR at 30 June 2022 is \$9,260,550, as detailed in the table below.

Year ending 30 June	Operational Risk Financial Reserve (\$)
2022	\$9,260,550
2021	\$9,237,995
2020	\$8,409,152

FUND GOVERNANCE

The Trustee Board is responsible for the overall governance, risk management, investment strategy and strategic direction of First Super. Our Directors are obliged by law to act in the best interests of all members of the Fund.

THE TRUSTEE

The Trustee of First Super is a company, First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988). The Trustee is responsible for the efficient and prudent management of the Fund of which it is Trustee. It is responsible for managing more than \$3.6 billion in funds under management and overseeing its investments on behalf of more than 47,000 members, in accordance with the Trust Deed and relevant legislation. At the date this report was issued, the Trustee has not incurred any penalties under Section 38A of the *Superannuation Industry (Supervision) Act 1993*.

Trustee insurance

The Trustee holds indemnity insurance providing cover to protect the Fund, its Directors and officers from the costs and liabilities that may arise from legal action.

Trust Deed

The Trust Deed contains the rules of First Super. Two clauses of the Trust Deed were amended on 21 December 2021. Clause 17.1 was changed to clarify the ability of the Trustee to charge and be paid fees that it may retain for its own benefit. Clause 18.2(c) was changed to clarify what is meant by a 'civil penalty order'. It is now defined to mean a non-Superannuation Industry (Supervision) Act 1993 (SIS Act) penalty order and a non-SIS infringement notice.

Constitution

First Super's Constitution was amended to delete and replace clause 25. The purpose of this amendment was to enable the Trustee to accumulate and hold capital it receives and capitalise the Company by establishing a reserve to pay for items such as Trustee Liability insurance.

The Trustee Office

First Super's day-to-day operations and the implementation of the Fund strategy are run from our office in Carlton, on the fringe of Melbourne's CBD. (Since COVID-19 we have adopted a hybrid working model where many of these operations are also managed from home offices.) The Trustee Office is led by Chief Executive Officer Bill Watson. He is supported by the Deputy CEO Michelle Boucher, Executive Manager – Governance Lisa Rayner, Executive Manager – Financial Advice and Education Andrew Jewell, Risk Manager Laurie Kennedy, and other colleagues in the Trustee Office.

The Trustee Board

The Trustee Board of Directors is made up of employer and employee nominated Directors and two Independent Directors. The Trustee may also appoint an Associate Director who is given the opportunity to observe how the Fund is managed. Directors are appointed to the Board following consideration of a nominee's suitability, skills and qualifications.

Employee representatives are nominated to the Board by the Construction Forestry Maritime Mining and Energy Union (Manufacturing Division) while employer representatives are nominated by employers or employer associations.

Two independent directors are jointly appointed by the other members of the Trustee Board. The Board members elect the Co-Chairpersons every three years.

The Board generally meets four times a year and undertakes an annual review of its performance. Every second year an independent external review of the Board (and its committees) is commissioned.

ADHERING TO THE GOVERNANCE CODE

At First Super, we believe in accountability, transparency and protecting and improving outcomes for members. We adhere to AIST's Governance Code, which aims to constantly improve governance in the profit-to-members superannuation sector, going above and beyond current legal requirements. (AIST is the Australian Institute of Superannuation Trustees, which influences policy about the superannuation system in Australia.)



Risk management framework

First Super's Risk Management Framework incorporates and defines the requirements and inter-dependencies between business operations, external influences, key enablers (people, policies, processes, tools and technology), core risk and control activities, and governance protocols. This ensures all key risks are appropriately identified, weighted for importance, and effectively managed in accordance with industry standards and APRA requirements (specifically Prudential Standard SPS 220 Risk Management).

Board members and committees

The First Super Trustee Board has established committees to deal with different areas of the Fund's management and make recommendations to the Board to help it discharge its duties. Each committee generally meets four times a year, with additional meetings scheduled as required. The committee members are appointed by the Board to the respective committees.

The Directors of First Super, their representation, and their committee memberships as at 30 June 2022 are shown below.

Board Directors		
Board	Appointment date	Representation and nominating body
Michael O'Connor (Co-Chair)	1 July 2008	Employee – CFMMEU – Manufacturing Division
Mike Radda (Co-Chair)	1 July 2008	Employer – Australasian Furniture Association
Dean Brakell	1 January 2021	Employer – Australian Cabinet and Furniture Association Ltd
Candy Broad	21 April 2015	Independent
Robyn Burns	1 July 2019	Employer – Australian Cabinet and Furniture Association Ltd
Denise Campbell-Burns	19 March 2013	Employee – CFMMEU – Manufacturing Division
Tim Chatfield	22 September 2017	Independent
Julie George	14 February 2015	Employer – Kimberly-Clark Australia
Janet Gilbert	14 March 2017	Employer – Timber Trade Industrial Association
Scott McDine	1 September 2017	Employee – CFMMEU – Manufacturing Division
Anthony Pavey	1 January 2021	Employee – CFMMEU – Manufacturing Division
Frank Vari	1 July 2008	Employee – CFMMEU – Manufacturing Division
Casey Thompson (Associate)	1 January 2021	Employee – CFMMEU – Manufacturing Division

Board Committee membership				
Administration and Marketing	Investment	Audit and Compliance	Remuneration	Nomination
Robyn Burns (Chair)	Michael O'Connor (Chair)	Tim Chatfield (Chair)	Candy Broad (Chair)	Candy Broad (Chair)
Janet Gilbert	Scott McDine	Candy Broad	Michael O'Connor	Michael O'Connor
Dean Brakell	Denise Campbell-Burns	Julie George	Janet Gilbert	Denise Campbell-Burns
Michael O'Connor	Candy Broad	Janet Gilbert	Mike Radda	Mike Radda
Frank Vari	Julie George	Frank Vari	Anthony Pavey	Janet Gilbert
Tim Chatfield	Mike Radda			
Anthony Pavey				
Casey Thompson				

FUND GOVERNANCE

Service providers

First Super engages a range of independent advisers and service providers to assist with the running of its day-to-day operations. Advisers and service managers may change from time to time. As at 30 June 2022, First Super was using the advisers and service providers included in the table below.

Role	Company/organisation
Actuary	Mercer (Australia) Pty Ltd
Administrator	Super Benefits Administration Pty Ltd*
External Auditor	BDO Audit
Internal Auditor	PricewaterhouseCoopers
Insurer	MetLife Insurance Limited
Insurance Adviser	IFS Insurance Solutions Pty Ltd
Asset Consultant	Frontier Advisors Pty Ltd*
Investment Managers	Eley Griffiths Group Pty Ltd Industry Funds Management Pty Ltd* Ausbil Investment Management Ltd Stafford Private Equity Pty Ltd
Legal Adviser	Holding Redlich
Custodian	BNP Paribas Securities Services
Tax Adviser	Ernst & Young
Financial Planning	Industry Fund Services Pty Ltd
Member and Employer Services Coordinators	Construction, Forestry, Maritime, Mining and Energy Union (Manufacturing Division)

*First Super holds shares in these service providers as an investment.





DIRECTORS' REMUNERATION REPORT

The Directors of First Super Pty Ltd are paid for the work they do for the Fund. In some cases, payment is made to a Director's employer to compensate for the time they spend managing the business of the Fund on the Trustee Board.

The Remuneration Committee regularly examines and sets the fees paid to Directors. They may seek independent advice from time to time to ensure Board remuneration is in line with the market. Based on information available, the Remuneration Committee is satisfied that the level of remuneration paid to First Super's Directors is reasonable.

Directors' fees

The fees paid to Directors are paid in respect of:

Board meetings

Covering preparation for and attendance at Board meetings. Payment includes an allowance for travel and accommodation, where applicable.

Committee and sub-committee meetings

Covering preparation and attendance at committee and sub-committee meetings. Payment includes an allowance for travel and accommodation, where applicable.

Workshop and training courses

Covering Director participation in all approved workshop and training courses and relevant incurred expenses.

Conferences

Covering Director participation in approved conferences and relevant incurred expenses for travel and accommodation, where applicable.

Extra duties

On occasion the Board may require Directors to take on extra duties. An additional fee may be paid to the Director at the Board's discretion.

Interstate travel

Directors travelling interstate for governance meetings and representation duties will be paid an Interstate Allowance Rate of \$1,250 for only one meeting on the first day and no additional Interstate Allowance Rate for any other meetings held on the same or successive days. However, those Directors shall be reimbursed for accommodation, meals and incidentals at the prevailing ATO reasonable travel rate applying to the location at which the meeting is held for second and subsequent days.

Intrastate travel

Directors travelling intrastate for governance meetings and representation duties are paid an Intrastate Allowance Rate of \$500 per day where an overnight stay is required.

Professional development

On accepting a position on the Board, all Directors are required to participate in a thorough induction program leading up to and following their appointment. All Directors maintain their skills and competencies by meeting the required professional development each year. Professional development may include participation in industry programs, seminars and conferences, relevant presentations at Board and committee meetings, and other approved workshops and training courses.

Hospitality and gifts

First Super Directors and senior management may on occasion accept hospitality and gifts within the constraints of the Hospitality and Gifts Policy. All hospitality and gifts that are accepted are recorded in the Hospitality and Gifts Register. The Register is provided to the Audit and Compliance Committee at each meeting and is published on the First Super website.

FUND GOVERNANCE

First Super Directors' fees and allowances

The Directors' fees and allowances for the year ending 30 June 2022 are as follows.

Role/activity		Fees and allowances
Co-Chairpersons		\$1,712.70/calendar month or part thereof
Co-Chairpersons and Directors	Board Meetings and Strategic Planning Day(s)	> \$3,425.40 a meeting > \$1,141.80 a meeting of three hours or less
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,712.70 a meeting
	Administration and Marketing, Audit and Compliance or Investment Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$570.90 a meeting of three hours or less
Associate Directors	Board Meetings and Strategic Planning Day(s)	> \$2,569.05 a meeting > \$856.35 a meeting of three hours or less
	Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$1,285.04 a meeting
	Administration and Marketing, Audit and Compliance or Investment Committee Meetings, Ad-Hoc Committee and Sub-Committee meetings and AGM	\$428.69 a meeting of three hours or less
Workshops/Training Courses (Co-Chairs, Directors and Associate Directors)		\$1,712.70 a day
Domestic Conferences (Co-Chairs and Directors)		\$1,712.70 a day
International Conferences and Workshops (Co-Chairs and Directors)		\$1,255.98 per day plus reimbursement of travel, accommodation and incidental costs as deemed appropriate by the Chair of the Remuneration Committee on advice from the CEO; or in respect of the Committee Chair, as deemed appropriate by the Co-Chairs of the Fund on advice from the CEO; with details of proposed or incurred costs reported to the next Board meeting.
Representational Committees	AIST Chairs forums APRA consultations	\$2,569.05 a meeting (plus Allowance Rate where applicable)
Industry not-for-profit committees (Co-Chairs and Directors) where no fee or honoraria paid by organisation to Director and where the Director is required to represent the Fund		\$1,255.98/day (plus Allowance Rate where applicable)



2021/22 attendance and remuneration

Below is a list of Directors' meeting attendance and remuneration (including GST where applicable) for the year ending 30 June 2022. The Construction, Forestry, Maritime, Mining and Energy Union is abbreviated as CFMEU in the table.

Director	Board	Committee	Total PD hrs	Fees paid ¹	Fees paid to
Dean Brakell	10/10	4/4	30.83	35,914.45	ACFA
Candy Broad	10/10	14/14	24	47,440.99	Candy Broad
Robyn Burns	10/10	4/4	21	45,208.90	Robyn Burns
Denise Campbell-Burns	10/10	7/7	15	46,471.26	CFMEU – Manufacturing Division
Tim Chatfield	10/10	8/8	17.06	41,675.30	Timothy Chatfield
Julie George	10/10	7/7	18	45,962.29	Busi Culture P/L
Janet Gilbert	10/10	14/14	33.5	55,770.55	Janet Gilbert
Lisa Marty	1/1 (as a guest)	0	n/a	3,596.67	Lisa Marty
Scott McDine	10/10	4/4	8	25,747.59	CFMEU – Manufacturing Division
Michael O'Connor	10/10	14/14	14	89,236.50	CFMEU – Manufacturing Division
Anthony Pavey	10/10	7/7	19	45,842.83	CFMEU – Manufacturing Division
Mike Radda	10/10	8/8	8	55,962.70	Sterad Pty Ltd
Casey Thompson	10/10	4/4	71	35,328.43	CFMEU – Manufacturing Division
Frank Vari	10/10	8/8	11.3	50,067.93	CFMEU – Manufacturing Division

1. Fees paid to Directors include payment for required travel and accommodation.

2021/22 EXECUTIVE REMUNERATION REPORT

The Executive Officers' remuneration for the year ending 30 June 2022 is as follows.

Executive Officers						
Executive Officers	Position Held	FY Year	Paid – Cash Component	Superannuation Contributions includes SG and Salary Sacrifice	Other ¹	Total remuneration
William Watson	Chief Executive Officer	2021/22	\$394,699	\$27,250	\$21,764	\$443,713
		2020/21	\$373,205	\$25,000	\$10,870	\$409,075
Michelle Boucher ²	Deputy CEO	2021/22	\$291,328	\$24,172	\$8,489	\$323,989
		2020/21	\$68,332	\$5,513	\$1,441	\$75,286
Maxine Jacona ³	Executive Manager – Governance	2021/22	\$173,745	\$12,611	\$0	\$186,356
		2020/21	\$194,407	\$18,468	\$4,851	\$217,726
Andrew Jewell	Executive Manager – Financial Advice and Education	2021/22	\$179,000	\$17,899	\$5,250	\$202,149
		2020/21	\$166,264	\$15,791	\$4,186	\$186,241
Laurie Kennedy ⁴	Risk Manager – Risk	2021/22	\$113,407	\$18,497	\$3,299	\$135,203
		2020/21	\$106,671	\$17,257	\$2,837	\$126,765
Lisa Rayner ⁵	Executive Manager – Governance	2021/22	\$56,643	\$5,664	\$1,153	\$63,460

1. Other includes salary sacrificed benefits and long service leave accrued in the financial year.

2. Michelle Boucher was appointed on 6 April 2021.

3. Maxine Jacona resigned as Executive Manager – Governance on 17 March 2022 and as Company Secretary on 23 February 2022. The 'cash component' includes payment of Ms Jacona's accrued entitlements for annual leave (\$19,570) and long service leave (\$28,058). No additional benefit was paid upon Ms Jacona's resignation.

4. Laurie Kennedy works part-time. Mr Kennedy was the Company Secretary for the period from 23 February 2022 until 11 May 2022. The remuneration is for the full financial year.

5. Lisa Rayner was appointed on 19 April and as Company Secretary on 11 May 2022. The remuneration shown is for the period from 19 April 2022 to 30 June 2022.

LEGISLATIVE CHANGES

Here are some of the key superannuation rates and thresholds for the 2021/22 year.

SUPERANNUATION GUARANTEE RATE

The SG rate increased to 10% on 1 July 2021 and is scheduled to increase by 0.5% each year until it reaches 12% from 1 July 2025. First Super is pleased to see this important change being rolled out and ultimately offering larger retirement savings for all working Australians.

CONTRIBUTION LIMITS

The 2021/22 concessional cap increased to \$27,500 (from \$25,000 in 2020/21). Concessional contributions include superannuation guarantee, salary sacrifice and personal contributions which are claimed as a tax deduction.

The 2021/22 non-concessional cap increased to \$110,000 (from \$100,000 in 2020/21) or \$330,000 for members aged under 65 making three years' of contributions under the 'bring forward' rule.

SIGNIFICANT EVENT NOTICE

First Super reported several Significant Event Notices (SEN) in the 2021/22 year which are summarised below. Details and previous SENs can be found at firstsuper.com.au/about-us under 'Fund Statements'.

Notice date	Nature of event or change	Impact of the change
21 December 2021	This notice explains the changes to First Super's Trust Deed clause 17.1 (a) and 18.2 (c).	<ul style="list-style-type: none"> > The change to Clause 17 1 clarifies the ability of the Trustee that it may charge and be paid fees that it may retain for its own benefit. > The change to Clause 18 2 (c) clarifies what is meant by a 'civil penalty order', defining it to mean a non-SIS penalty order and a non-SIS infringement notice.
20 December 2021	This notice explains the changes to First Super's Constitution.	The change will allow the Company to establish a reserve to pay for items such as Trustee Liability Insurance.
2 December 2021	This notice explains the changes to First Super's investment strategy.	Increased likelihood of achieving the return objectives.
1 December 2021	This notice explains the changes to First Super's investment strategy.	Increased allocation to growth assets for the Balanced and Growth investment options.
1 December 2021	This notice explains the changes to First Super's insurance occupation categories	The only change is to the name of the categories.
1 November 2021	This notice explains the changes to First Super Accumulation product. It includes the impact and changes to the information provided within the Product Disclosure Statement (PDS) of that product including the associated supplementary documents.	Reduction of the First Super Administration fee for First Super Accumulation product.
1 July 2021	This notice explains the legislated changes that came into effect on 1 July 2021.	<ul style="list-style-type: none"> > Changes in contribution caps > Increase in the Super Guarantee > Transfer balance cap

MINIMUM DRAWDOWN LIMITS EXTENDED FOR PENSION MEMBERS

The Government announced that the mandatory minimum pension payments for account-based pensions would continue be reduced by 50% for the 2021/22 year. This measure is aimed at softening the impact of COVID market fluctuations. Visit firstsuper.com.au/retirement for details.

TRANSFER BALANCE CAP

The 2021/22 transfer balance cap increased to \$1,700,000 (from \$1,600,000 in 2020/21). The transfer balance cap is the maximum amount of super savings that can be transferred to a Transition to Retirement (TTR) or Allocated Pension.

GENERAL INFORMATION

FOR MEMBERS



CONTACTING FIRST SUPER

Members

If you are a First Super member and need more information about the Fund or help with your account, contact our Member Services team.

In person: 165 Bouverie Street, Carlton VIC 3053
Mail: PO Box 666, Carlton South VIC 3053
Phone: **1300 360 988**
Fax: **1300 362 899**
Email: mail@firstsuper.com.au
Website: firstsuper.com.au

Employers

If you are an employer offering First Super to your employees, you can get help by phoning our Employer Services team on **1300 943 171** or emailing employers@firstsuper.com.au.

Superannuation surcharge

The superannuation surcharge payable by high income earners on contributions and termination payments made on or after 1 July 2005 has been abolished. However, the Australian Taxation Office (ATO) continues to send assessments relating to prior years. Should First Super receive such an assessment, we will deduct the charge directly from your account.

You can contact the ATO by calling **13 10 20** or by visiting ato.gov.au.

It's your money, so stay in touch

It's important that you tell us if you change address so you continue to receive all the information issued by First Super. You can do this via our member portal, firstonline, at firstsuper.com.au/login, or you can call, email or write to us. If we do lose track of you because we don't have your current address, you will be classified as a 'lost member'. You will also be classified as a 'lost' member if your account has been inactive in certain circumstances. If you are classified by us as a 'lost member', your details will be sent to the ATO and included on the ATO's Lost Members Register. The ATO can be contacted on **13 10 20**.

Lost members

First Super is bound by law to transfer super accounts that are 'lost' or 'inactive' to the ATO.

Government legislation sets out that a member is generally considered 'lost' if at least two written communications sent by a fund to the last known address were returned unclaimed. In addition, a super account may be considered inactive if it has not received a contribution or rollover for two years.

Inactive low-balance accounts

A super account is an inactive low-balance account if:

- > the account has not received a contribution or rollover for 16 months;
- > the account balance is less than \$6,000;
- > the member has not met a condition of release; and
- > there is no insurance on the account.

However, an inactive low-balance account is deemed to be active if any of the following have occurred within the past 16 months:

- > the member changed their investment options;
- > the member changed their insurance coverage;
- > the member made or amended a binding beneficiary nomination;
- > the member notifies the fund in writing electing not to be a member of an inactive low-balance account;
- > First Super was owed an amount in respect of the member.

GENERAL INFORMATION FOR MEMBERS

Effect of being sent to the ATO

If your account is or has been sent to the ATO or to another fund for consolidation:

- > you will cease to be a member of First Super;
- > any insurance cover you had with First Super will cease;
- > your account becomes subject to the rules of the institution that received it.

Temporary Residents (Departing Australia Super Payments)

In the event a former temporary resident has unclaimed superannuation, First Super relies on an ASIC exemption 2019/873 which means that it is not obliged to notify or give an exit statement to a former temporary resident in circumstances where member accounts are transferred to the ATO Commissioner under Division 3 of Part 3A of the *Superannuation (Unclaimed Money and Lost Members) Act 1999*. You also have rights to claim such amounts under that Act. For more information please contact us.

Complaints

The Trustee has established a procedure to deal with member complaints fairly. All complaints will be handled in a courteous and confidential manner, and will be properly considered and dealt with within 45 calendar days (unless the complaint relates to a death benefit distribution, in which case we'll respond no later than 90 calendar days after the expiry of the 28-calendar day period for objecting to a proposed death benefit distribution). If you have a complaint please contact First Super by writing to:

Superannuation Complaints Officer

First Super, PO Box 666
Carlton South, VIC 3053

Phone: 1300 360 988

Email: complaints@firstsuper.com.au





Once the Trustee has investigated your complaint, you will receive a written reply explaining the Trustee's decision. If an issue has not been resolved to your satisfaction, you can lodge a complaint with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services complaint resolution that is free to consumers.

Australian Financial Complaints Authority

GPO Box 3, Melbourne VIC 3001
www.afca.org.au
info@afca.org.au
1800 931 678 (free call)

Privacy and compliance

First Super takes the utmost care with members' personal information and only collects information that is necessary for your membership.

This information is used:

- > to establish your membership account
- > to process contributions
- > to enable benefit payments
- > for correspondence
- > to search for any unclaimed benefits you may have
- > to keep you informed about membership opportunities.

First Super will only collect such information with your consent and we have strict security measures in place to handle your personal information.

Your personal information will not be used or disclosed without your consent, except where we are required or authorised by law. If we share information with other organisations, it is only for the purposes of administering members' accounts or as authorised by you.

As a member, you may ask to see the information held about your membership at any time and to have it corrected if necessary. You can find a copy of First Super's Privacy Policy at firstsuper.com.au/privacy-policy.

During the year, there were no notifiable data breaches of the *Privacy Act 1988*, and there were no losses of member or employer data. First Super has not been subject to any significant fines or other sanctions for failure to comply with laws or regulations.

Contact us

Need more information or want help with your super account or employer responsibilities? Here's how to get in touch.



1300 360 988 (members)
1300 943 171 (employers)
1300 362 988 (fax)



mail@firstsuper.com.au
firstsuper.com.au



First Super
PO Box 666
Carlton South, VIC 3053



Our registered address:
165 Bouverie Street
Carlton, VIC 3053

Issued by First Super Pty Ltd (ABN 42 053 498 472, AFSL 223988), Trustee of First Super Superannuation Fund (ABN 56 286 625 181). The material in this report is a summary only. The rules of the Fund are located in the Trust Deed and relevant law. In the event of inconsistency between this report and the rules, the rules of the Fund prevail.

This publication may contain general advice which has been prepared without taking into account your objectives, financial situation or needs. You should consider whether the advice is appropriate to your personal circumstances and consult the Product Disclosure Statement at firstsuper.com.au/pds before making any investment decision. Please contact First Super on 1300 360 988 for updated information or to obtain a copy of the PDS. Target Market Determination available at firstsuper.com.au/tmd or by calling us.



CONTACT US

If you require more information or assistance with your First Super account, please contact our Member Services Team.

In person 165 Bouverie Street
Carlton VIC 3053

Mail PO Box 666
Carlton South
VIC 3053

Phone 1300 360 988

Fax 1300 362 899

Email mail@firstsuper.com.au

Website firstsuper.com.au