



# Annual Member Meeting – 3 March 2021: **Member questions and answers**

We received a number of questions from members as part of our Annual Member Meeting held on 3 March 2021, which are answered in the following sections. Where we received a range of questions of a similar nature on certain topics, we've grouped the questions and provided an overall response.

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Please also remember that past performance is not a reliable indicator of future performance.

## Question topics

<b>Fund strategy and governance</b> .....2	<b>Products &amp; services</b> .....9
CBA's sale of Colonial First State.....2	Product features (membership, beneficiaries) .....9
Service provider review.....3	Fees.....9
Fund mergers.....3	Insurance.....11
Royal Commission.....3	Defined benefits.....12
<b>Investments</b> .....4	Digital & cyber.....12
Performance and returns.....4	Growing your super / Planning for retirement.....13
Investment strategy.....5	
COVID-19.....7	
Environmental, social and governance (ESG).....8	
Investment governance.....8	



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## Fund strategy and governance

### CBA's sale of Colonial First State

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>As I understand, Group Super is included as part of the sale of 55% of Colonial First State to KKR. If this is in fact the case, what will Group Super be doing any differently after the sale date and how can you reassure myself and other staff members that our super funds are safe? It's one thing to trust an entity which is part of the CBA Group with our funds, but another thing when the organisation is no longer fully under CBA control.</li> <li>How will the management of the Group Super be impacted by the sale of CBA's superannuation business to an American Private Equity company? Will there be any changes to the fees or investment decisions/options?</li> <li>Is it true that the fund will be sold to KKR? If so, what does this mean to investment strategies and member support services given KKR's poor reputation for cost cutting?</li> </ul>	<p>Group Super is the Commonwealth Bank Group's corporate super fund and we are a separate entity with our own trustee board. We are a different and separate super fund from the super funds and products offered by Colonial First State (CFS) and the CBA Group. We are not therefore part of the CBA Group's sale of its wealth management and CFS businesses.</p> <p>As members may be aware, CFS is one of <a href="#">Group Super's outsourced service providers</a>, providing primarily contact centre, member administration and investment administration services. The sale is not expected to affect how CFS provides any of these services to Group Super in the short-term and there will be no changes to our fund's products, services or day-to-day business operations as a result of the sale.</p> <p>As our Board Chair, Rosemary Vilgan, and our CEO, Scott Durbin, mentioned during their presentations at the Annual Member Meeting, over the last 12–18 months, we have undertaken a review of several of our service providers, including member administration and investment administration. The decision to review these outsourced services was made well before the announcement of the CFS sale last year and is consistent with the strategic objectives of both CFS and Group Super.</p> <p>We expect to share more details of the timing of the transition to our new service providers and the changes to services with our members later this year.</p>
<ul style="list-style-type: none"> <li>How will the sale of Colonial First State impact member benefits for those staff members?</li> <li>What is the new fund and terms going to be for CFS staff?</li> </ul>	<p>Group Super is the CBA Group's corporate super fund, with its own trustee board. Group Super is a different and separate fund from the super funds and products offered to customers by Colonial First State (CFS) and the CBA Group. We are not therefore part of the CBA Group's sale of its wealth management and CFS businesses.</p> <p>As a corporate fund, Group Super will no longer be the default super fund for members whose employment arrangements are affected by the sale of CFS. However, as with any employee leaving the CBA Group, our members are welcome to remain with us and ask their new employer to continue contributing to their account with us if they wish.</p> <ul style="list-style-type: none"> <li><b>If you're an Accumulate Plus member of Group Super:</b> Your account balance remains in our fund unless you instruct us otherwise. Upon leaving the Group you'll become a 'Retained Benefit' member of Accumulate Plus. If you'd like your new employer to continue paying super contributions to your account with us, you'll need to provide your Group Super account details to them as a choice of super fund election. For more information on Retained Benefit membership of Accumulate Plus, please refer to the <a href="#">Product Disclosure Statement and Reference Guides</a> or contact us on 1800 023 928.</li> <li><b>If you're a Defined Benefit member of Group Super:</b> If your employment arrangements transition to the new employer entity, your defined benefit becomes payable. This generally means the same benefit options are available to you as if you had resigned from the Group. These options are different for each defined benefit division – please refer to your <a href="#">Member Booklet</a> or contact us on 1800 135 970 for more information. Defined Benefit members are also welcome to open an Accumulate Plus account to receive employer contributions from the new employer if they wish. Refer to the <a href="#">Product Disclosure Statement for Accumulate Plus</a> for more information.</li> </ul> <p>Questions regarding the new default fund or product arrangements should be directed to the new employing entity.</p>

## Service provider review

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li><i>Sorry, I missed update on service provider. Has a final decision been made, when will transfer occur?</i></li> </ul>	<p>We have undertaken an in-depth review of several of our service providers, including member administration and investment administration.</p> <p>We expect to share more details of the timing of the transition to our new service providers and the changes to services with our members later this year.</p>

## Fund mergers

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li><i>Is there consideration of a potential merger with other super funds?</i></li> </ul>	<p>There is no current consideration for a merger with other super funds.</p>

## Royal Commission

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li><i>In the wake of the banking royal commission and the reality that very large financial institutions in Australia made catastrophic costly mistakes, how safe is my superannuation? What risk oversight and compliance programs are actively in place as at today's date to give us confidence that your organisation won't be the next headline?</i></li> </ul>	<p>We are the Commonwealth Bank Group's corporate super fund that operates as a separate entity with its own trustee board. We are not a public offer fund and we operate on a profits-to-members model.</p> <p>Our fund is strictly regulated. The way super money is held and invested is carefully controlled, and there are checks and balances at every stage.</p> <p>The Group Super trustee does not conduct any other business than the trusteeship of the fund. We are unique in that we can leverage the skills and expertise of one of Australia's largest and most successful financial institutions and partner with appropriately qualified and resourced providers to deliver cost effective services that will assist in achieving member outcomes.</p> <p>Our trustee obligation is to ensure that the best interests of members as a whole are protected, and this is an important foundation for our fund. We have robust and proactive policies and procedures to manage conflicts of interest and to support our governance, risk management, compliance and assurance frameworks that are independently reviewed and benchmarked.</p> <p>The Royal Commission highlighted some examples of poor behaviour within the super industry. While the issues arising had limited direct implications on our fund, we reviewed the Commission's findings and the APRA CBA Prudential Inquiry to identify key learnings and potential opportunities for improvement for both the fund and its service providers.</p> <p>We outlined some more about the key learnings we identified in <a href="#">our 2018–19 Annual Report</a> (page 4). We are also leveraging the CBA Group's Remedial Action Plan to consider enhancements and uplift our risk management and compliance practices.</p>

# Investments

## Performance and returns

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li><i>The returns from CBA Group Super Balanced Fund (MySuper default fund) have been consistently poor over the past 3 years when compared to other balanced funds. This is in part due to an unusually low exposure to equities. When are you going to fix this poor performance?</i></li> <li><i>What are you doing to increase investment performance?</i></li> <li><i>Has there been a change in investment approach and investments to make returns competitive with other funds?</i></li> <li><i>I'm interested in your performance against the top performers.</i></li> <li><i>Why is [Group Super, formerly] the OSF marked amber or similar over 5 years as a warning to members on the APRA heatmap?</i></li> </ul>	<p>As explained by our CIO Ruwanie Dias in her presentation, we have underperformed many MySuper products offered by other super funds over 3 and 5-year periods when comparing returns. This is largely due to the design of our strategy to be more diversified than many other funds, leading to a relatively lower exposure to shares.</p> <p><b>Our investment philosophy – why we invest the way we do</b></p> <p>For many years, our investment philosophy has been strongly built on two key tenets:</p> <ul style="list-style-type: none"> <li>We want to deliver sustainable long-term returns that meet what we set out to achieve.</li> <li>And in striving for these returns, we also want to minimise volatility and seek to protect the super you have built.</li> </ul> <p>We design our diversified (or pre-mixed) investment options to achieve a balance between positioning for long-term growth and maintaining an appropriate level of conservatism, with the overarching goal of achieving our options' return objectives with less volatility.</p> <p>We strongly believe that strategic asset allocation is the key driver of returns and that diversification is really important to providing our members with a smoother return experience. We do this by including a well-diversified mix of assets within our options, which reduces the exposure to any one specific type of asset class. To some extent, this may limit the potential for the absolute height of returns, but it also aims to protect members from the absolute lows of returns.</p> <p>We believe a more diversified approach is likely to provide our members with sustainable long-term returns and to give them a smoother, or less volatile, experience in the shorter term. This was evident during FY2019–20, where our strategy cushioned exposure to share market volatility. We believe that with less ups and downs in returns, members are less likely to make rash switching decisions, which may ultimately impact retirement outcomes.</p> <p><b>How our investment philosophy relates to performance</b></p> <p>When the absolute returns for MySuper products are directly compared, we would expect to see a wide range of returns, driven by the differences in asset allocations and depending on the performance of the underlying markets over the measurement period.</p> <p>A more diversified strategy, such as ours, generally has less exposure to shares than many of our peers with similar investment options. In strong share markets, such as those over the last 3 and 5 years, we would expect to see our MySuper option underperform compared to products with higher share allocations. On the other hand, during share market falls, more representative of early 2020, we should perform better than peers, as we experienced.</p> <p>One important point to highlight, is that peer comparison data informs us, but we do not set our investment strategy in reference to peers. What guides our strategy are the objectives we set for our options and striving to deliver on those objectives for our members.</p> <p>Over a number of years, all of our diversified investment options, including our Balanced (MySuper) option, have consistently met or exceeded their return objectives, even taking into account the COVID-19 market downturn.</p> <p>For more information on our investment performance, please refer to <a href="#">our FY2020 Member Outcomes Assessment</a>.</p> <p><b>Looking ahead</b></p> <p>We continue to believe that delivering on investment objectives will remain our key focus. We remain confident that our options are designed appropriately to deliver to their investment objectives over the longer term.</p> <p>However, we recognise that we have a diverse membership with different needs, so we believe we can further enhance and tailor the outcomes that our members may achieve. Our intent is to move to a lifecycle default design for our MySuper option for members who don't make an active choice about how their super is invested. A lifecycle design means that a member's asset allocation automatically changes over time based on age – younger members will have exposure to more growth assets and members approaching retirement will have less exposure to growth assets compared to our younger members.</p> <p>The change to a lifecycle default strategy is an important change, so we will provide members with more detail over the coming year. Importantly, members will continue to have a choice of investment options available to them, as they do now.</p>

Member question(s)	Group Super response										
<ul style="list-style-type: none"> <li>Has the fund (Comm Bank Group Super) been contacted by APRA, after it appeared on their "heat map" for under performance (NIR) against their benchmark/sample fund (3 yr &amp; 5 yr benchmark performance)? If so, what actions has the fund taken? What actions is the fund intending to take?</li> </ul>	<p>We have regular contact with the Australian Prudential Regulation Authority (APRA), as the prudential regulator for our industry.</p> <p>As part of this contact, we have discussed with them the areas where we have satisfied the tests used within their APRA Heat Map assessment methodology, as well as some of the particular investment metrics for which some level of underperformance was indicated for our fund based on historic investment performance.</p> <p>We have also outlined to APRA the strategic initiatives that we have in progress for our investment portfolios and products and how we expect these to enhance member outcomes going forward.</p>										
<ul style="list-style-type: none"> <li>Since the trough of the COVID-induced global sharemarket correction on 23/3/2020, the unit price of the Fund's international shares option has grown by 31% to 15/12/2020. For that same period, the MSCI World ex Australia Index – the index against which the Fund benchmarks returns for the international shares option – has reported 65% growth. This is a stark disparity and indicates the Fund's members have missed out on a significant portion of the global sharemarket upswing since late March. How can we have faith in the Fund's investment managers when we, your members, are being disadvantaged by seemingly poor investment decisions?</li> </ul>	<p>The investment objective for our International Shares option is to achieve an average return over a 10-year period, before applicable fees and taxes are deducted, that exceeds that of the MSCI All Countries World ex Australia with dividends reinvested 25% hedged to Australian dollars.</p> <p>As correctly noted, the return for our International Shares investment option for Accumulate Plus over the timeframe 22 March 2020 to 15 December 2020 was 31%. This return is calculated based on the change in unit price over the period and after fees and taxes have been deducted.</p> <p>Our performance compared to various benchmarks over this limited timeframe is outlined in the following table, showing our return is consistent with the relevant benchmark. It is important to note that our investment option is managed to, and benchmarked to, a 25% hedge against developed market currencies and is measured in Australian dollars. From our investigation, the quoted benchmark return of 65% is more in line with an unhedged benchmark in US dollars.</p> <table border="1"> <thead> <tr> <th colspan="2">Return from 22 March 2020 to 15 December 2020</th> </tr> </thead> <tbody> <tr> <td>Accumulate Plus International Shares option (calculated before the deduction of tax and fees, and 25% hedged, consistent with the option's investment objective)</td> <td><b>32%</b></td> </tr> <tr> <td>Actual benchmark return: MSCI All Countries World ex-Australia TR Net Index 25% Hedged</td> <td><b>32%*</b></td> </tr> <tr> <td>MSCI All Countries World ex-Australia TR Net Index Unhedged in AUD terms</td> <td><b>25%</b></td> </tr> <tr> <td>MSCI All Countries World ex-Australia TR Net Index Unhedged in USD terms</td> <td><b>61%</b></td> </tr> </tbody> </table> <p>*Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, the trustee of Commonwealth Bank Group Super. The MSCI data is for internal use only and may not be redistributed or used in connection with creating or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the MSCI data (the 'MSCI Parties') makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liability for any direct, indirect, special, punitive, consequential or any other damages, including lost profits) even if notified of the possibility of such damages.</p>	Return from 22 March 2020 to 15 December 2020		Accumulate Plus International Shares option (calculated before the deduction of tax and fees, and 25% hedged, consistent with the option's investment objective)	<b>32%</b>	Actual benchmark return: MSCI All Countries World ex-Australia TR Net Index 25% Hedged	<b>32%*</b>	MSCI All Countries World ex-Australia TR Net Index Unhedged in AUD terms	<b>25%</b>	MSCI All Countries World ex-Australia TR Net Index Unhedged in USD terms	<b>61%</b>
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## Investment strategy

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>How does the fund plan to look for alternative low risk returns in view of the very low interest environment?</li> </ul>	<p>We believe it will be important to have a range of diversified return drivers and strategies within our options' portfolios. These include investing in a range of asset classes like property and infrastructure, which are generally expected to have returns above cash and fixed interest over the longer term.</p> <p>We also believe that active management will play an important role in our portfolios and will be another source of return going forward. To help take advantage of the changing environment, an important part of our strategy is our allocations to Multi-Assets. Rather than investment managers that are confined to investing only in one particular type of asset, such as shares or property or cash, our Multi-Assets managers can actively invest in a range of different growth and defensive assets. Where and how each manager invests depends on their market outlook at any given time.</p> <p>Over the last year, our Multi-Assets managers have taken active steps with their portfolios, and today are largely positioned as being cautiously optimistic for the future and for instance have more shares in their portfolios than they did a year ago.</p>



Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• <i>How can the fund better reflect the diversity of different risk/ returns needed across the membership? With a balanced option typically offered at starting at CBA, it's arguable that more risk should be encouraged when people first join to close the gap across the membership on retirement income needs.</i></li> <li>• <i>Do we need smoother investment whilst working if our PAYG income is inherently pretty smooth? I assume this is more suitable for those retired than us trying to get the balance up.</i></li> <li>• <i>How do we add more risk to lift retirement balance? Balanced doesn't seem good if I have years to retire.</i></li> </ul>	<p>Over the last year, we've been extensively reviewing our member demographics in relation to the design of our default MySuper option.</p> <p>While we believe it is absolutely critical to offer a range of investment choice options for members, the default option, or our MySuper option, plays an important role. The default option is the option that members account will be invested in when they first join our fund, and the option that members will stay invested in if a member hasn't actively made an investment choice for their account.</p> <p>With around 80% of our Accumulate Plus membership in our default MySuper option, it has a diverse demographic profile with different needs. So we believe we can further enhance and tailor the outcomes that our members may achieve by varying the investment mix across different member age groups. So, within our Accumulate Plus MySuper product we intend to move to a lifecycle default design.</p> <p>What this means is that rather than have one asset allocation or strategy for our default MySuper option, the asset allocation will automatically change over time based on age. The result is that younger members will have more exposure to growth assets and members approaching retirement have less exposure to growth assets compared to younger members.</p> <p>The change to a lifecycle strategy is an important change, so we will provide members with much more detail over the coming year. Importantly, members will continue to have a choice of investment options available to them, as they do now.</p>
<ul style="list-style-type: none"> <li>• <i>What is the investment approach for 2021? And beyond?</i></li> <li>• <i>What is the outlook for the year?</i></li> </ul>	<p>In managing our fund, we benefit from high-calibre investment thinking through our relationships with global specialist investment firms. Our investment market outlook is informed by the analysis and feedback from these relationships.</p> <p>2020 was a challenging year for investment markets and global populations alike. Unprecedented policy and fiscal action was accompanied by rapid advancements in biotech research to combat COVID-19. The experience of 2020, and the years leading up to it, has set the stage for 2021 and beyond.</p> <p>Based on this, our outlook for investment markets is:</p> <ul style="list-style-type: none"> <li>• Continued recovery of investment markets over the near term, supported by strong fiscal and monetary stimulus supporting continued low official cash rates, with a lower rate of expected returns over the longer term as stimulus initiatives are wound back.</li> <li>• Heightened volatility on the path to recovery, subject to developments in combating COVID-19 and possible civil or geopolitical tensions.</li> <li>• Central bank tolerance for marginally higher levels of inflation than has been experienced over recent years.</li> </ul> <p>With this outlook in mind, important components of our investment portfolio construction will be:</p> <ul style="list-style-type: none"> <li>• Strong diversification across asset classes, investment types, geographies and economic sectors.</li> <li>• Focus on protecting against downside risks.</li> <li>• Healthy exposures to global markets and unlisted assets, while carefully managing liquidity.</li> </ul> <p>The themes outlined above are consistent with our portfolio positioning leading into 2020 and continue to be relevant for us.</p> <p>Despite heightened market volatility, the effects of COVID-19 did not require material changes to our portfolio. We've recently introduced private and alternative credit into our Alternatives asset class. We expect this to strengthen returns and drive further diversity in the current environment, through higher yielding credit instruments, emerging market debt, commercial property loans and other speciality lending.</p> <p>Given the low cash rate environment, as part of our regular strategy and portfolio constructions reviews, we have also commenced consideration of the construction of our cash and fixed interest portfolios.</p> <p>To help take advantage of the changing environments, an important part of our strategy is the part of our portfolio that we call Multi-Assets. Rather than investment managers that are confined to investing only in one particular type of asset, such as shares or property or cash, our Multi-Assets managers can actively invest in a range of different growth and defensive assets. Where and how each manager invests depends on their market outlook at any given time. Over the last year, these managers were active in dynamically shifting their portfolios and are today largely positioned for a cautiously optimistic outlook.</p>
<ul style="list-style-type: none"> <li>• <i>Are there plans to increase member investment choices, i.e. index managed funds?</i></li> </ul>	<p>We regularly review the features and design of our products to ensure we provide flexibility and choice and remain competitive. At this time, we have no plans to introduce any indexed managed funds.</p>

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• <i>Would like to hear an update of fund with an asset allocation graph via email each year.</i></li> </ul>	<p>The strategic asset allocation for each of our investment options, together with a description and examples of each asset class, is outlined in our <a href="#">Product Disclosure Statements and Reference Guide: Investments</a>. This includes the benchmark percentage for each asset class, as well as the minimum and maximum percentages that we may hold.</p> <p>If we make changes to these benchmark or target allocations, we will generally notify members, either by updating our disclosure documents ranges or through a notice on our website or other member communications.</p> <p>In addition, each quarter we update our website with a list of <a href="#">our top 20 investment share holdings</a>.</p>
<ul style="list-style-type: none"> <li>• <i>What algorithms/indexes are used in asset weights?</i></li> </ul>	<p>When setting and reviewing strategic asset allocations and investment strategies for the fund's investment options, we use an asset modelling process, as opposed to algorithms or indices. This process is based on expected risk and return profiles for each asset class and correlations between each of our asset classes.</p> <p>Using these assumptions, various asset allocations are modelled with differing risk and return outcomes. These asset allocations are then stress tested against multiple economic and liquidity tests and also climate change risks scenario analysis. All modelling results and expected outcomes of various asset allocations are assessed against the probability of meeting investment objectives and other key considerations, in order for the trustee to select and approve each option's investment strategy.</p> <p>This review process is conducted at least once a year.</p>

## COVID-19

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• <i>What impact did the Superannuation Early Release Program have on (i) Liquidity, (ii) Performance of funds?</i></li> </ul>	<p>The Superannuation Early Release Program was a government initiative in response to COVID-19 that provided the ability for eligible members to access some their super during 2020. Group Super paid around \$110 million in early release payments to our members, which was less than 1% of the fund's total assets.</p> <p>These early release payments did not have a material impact on the fund's performance or liquidity, nor did it impact our members' ability to transact.</p> <p>We design our investment strategies to be well-diversified and to accommodate a range of economic and liquidity scenarios. This design supported our portfolios during the market volatility in early 2020 and in response to these early release payments.</p>
<ul style="list-style-type: none"> <li>• <i>How are we selecting the portfolio of shares that drive outcomes for Super in a COVID/ pre-vaccine world? What will change as the vaccines are released?</i></li> </ul>	<p>We invest in companies primarily through our Australian shares and international shares portfolios. We also invest in companies across various sectors of the economy, and globally across developed markets (such as the US, Europe and Japan) and emerging markets (such as China, Brazil and India).</p> <p>Our share portfolios are managed by professional investment managers, each selected for their own distinct style and approach to managing their portion of our assets. Our aim for both the Australian and international share portfolios is to achieve returns that exceed their relevant market indices (i.e. the S&amp;P ASX 300 Accumulation Index and the MSCI All Country World ex-Australia Accumulation Index respectively).</p> <p>In line with super being a long-term investment, our share managers invest for the medium to long term, with their performance objectives measured over at least 3 years.</p> <p>Overall, our share managers' portfolios did not significantly change over the year as their conviction in the long-term outlook for the companies in their portfolio did not materially change. However, during the onset of COVID-19 and in the following months, our active managers took advantage of dislocation in markets and pricing to buy shares that were sold off significantly.</p> <p>In some instances, COVID-19 has accelerated trends in technology businesses, changing work habits and consumer preferences, which supported the thinking of existing holdings in some of our managers' share portfolios (e.g. Domino's Pizza and Amazon). Many of these types of company shares were sold or trimmed throughout the year due to outperforming our managers' return expectations.</p> <p>Visit our website for more information about <a href="#">our investment managers</a> and the fund's <a href="#">top 20 investment share holdings</a>.</p>

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• How many changes were made to the investment portfolio during the start of COVID?</li> <li>• Is there any big change or any impact on your strategy in relation to COVID?</li> </ul>	<p>Our portfolios are well-diversified and are designed to accommodate a range of economic and liquidity scenarios. As such, during 2020, when the impacts of COVID-19 resulted in heightened volatility across financial markets, no material changes were required to our strategic asset allocation.</p> <p>Having said that, more recently we expanded our Alternatives asset class by adding credit to our portfolio, which includes high yield, emerging markets debt and private credit. We expect this investment to provide strong return opportunities over the long term.</p> <p>It is important to note, we employ skilled professional investment managers to manage individual asset classes and portfolio sectors. Many of the impacts of COVID-19 at the time, and the ongoing structural changes, are being assessed by our individual investment managers, who make investment decisions based on their ongoing assessments of the environment. For example during the COVID-19 market volatility, we saw our active managers take advantage of dislocation in markets by buying shares that were significantly sold off to better position their portfolios for delivering long-term value.</p>

## Environmental, social and governance (ESG)

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• In light of the increased focus on Ethical and Sustainable investment options in the market in general, what consideration of this has included in the Group Super portfolio?</li> </ul>	<p>We are committed to embedding ESG considerations into our business processes and investment decision-making.</p> <p>We have had an integrated approach to ESG considerations, meaning we explicitly and systematically include ESG considerations within our decision-making across the fund, as opposed to offering a specific ethical or sustainable investment option within our suite of investment options. It is not envisaged that we would offer a specific ESG option given our integrated approach.</p> <p>Visit our website for additional information on how we're integrating <a href="#">ESG and climate change related issues</a>.</p>

## Investment governance

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>• How are fund managers' remuneration structures used to align their interests with those of members?</li> </ul>	<p>When selecting and appointing investment managers for our fund, one of many considerations as part of our due diligence process and ongoing monitoring is the alignment of managers' interests with us and our members.</p> <p>Some of the factors we consider are manager remuneration structures (e.g. are they based on performance hurdles), ownership structures of the manager, their culture along with whether they invest their own funds in their strategies.</p> <p>This alignment varies amongst managers as we weigh up various considerations as part of our selection and monitoring process.</p>
<ul style="list-style-type: none"> <li>• I'd like to know how frequently the investment committee meets to review the performance of the fund managers and what the performance measures are for the fund managers.</li> </ul>	<p>Our trustee board's Investment Committee meets at least every quarter to review and develop investment-related activities. This committee also recommends investment strategy and other investment-related policies to the board, and monitors the risk management framework and performance of the fund's options, asset classes and underlying investment managers.</p> <p>Each of our appointed investment managers is allocated a portion of our assets to manage based on its specialist skills. We regularly monitor each manager's activities and their investment performance, and at a minimum, they are assessed in the following ways:</p> <ul style="list-style-type: none"> <li>• Quantitatively – against short-term measures such as the manager's relevant market index, as well as over longer periods against the objective we set for each manager</li> <li>• Qualitatively – based on any material change to the manager's skill set including people, business, investment process and opportunity set.</li> </ul>



## Products & services

### Product features (membership, beneficiaries)

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>When will memberships to partners be available?</li> <li>What about other family member i.e. your children being able to join the fund?</li> </ul>	<p>The option for a Group Super member's spouse or de facto to open a spouse account in our fund has been available for many years.</p> <p>Please visit our website for <a href="#">more information on spouse membership</a>, or you can refer to the <a href="#">Product Disclosure Statement and Reference Guides for Accumulate Plus</a>.</p> <p>As a non-public offer fund, while there is an exception to allow a member's spouse or partner to join our fund, unfortunately we are not permitted by law to offer membership to other family members.</p>
<ul style="list-style-type: none"> <li>Does the fund have any plans to allow for members to have a reversionary beneficiary for the income stream so that partners can receive a pension rather than lump sum?</li> </ul>	<p>We understand that a reversionary pension option can be a useful feature for people as part of estate planning.</p> <p>As a non-public offer super fund, there are some restrictions around the circumstances in which people can become a member of a fund. For Group Super, this generally means new members must be current employees of the Commonwealth Bank Group or at the time they become a member, they are enrolled in the fund by their spouse.</p> <p>We are currently reviewing some of our product features, including the offer of a reversionary benefit option. We are examining the membership restrictions under our own fund rules and super laws more broadly. The outcome will determine if it is possible for us to offer a reversionary benefit option within our current governance structures. Unfortunately we can't confirm a decision at this stage.</p>
<ul style="list-style-type: none"> <li>I want to understand more about the nomination of beneficiaries in a general sense, upon death. E.g. Would a spouse beneficiary receive the funds tax free? Would a non-dependent child receive the funds with (death duties), i.e. tax of 15% deducted? Would nominating a legal personal representative possibly mean no tax payable for a non-dependent child? Where on the website is this information?</li> </ul>	<p>Whether or not tax is payable on a death benefit will generally depend on the type of payment and whether the dependent is considered a 'dependant' under tax laws. The definition of 'dependant' under tax laws and super laws may be different; not everyone who is a valid dependant in order to receive a death benefit is considered a tax dependant.</p> <p>For tax purposes, a person is considered a tax dependant if at the time of your death they are:</p> <ul style="list-style-type: none"> <li>your current or former spouse, including a de facto spouse (whether of the same or opposite sex)</li> <li>your child under age 18, or your child over age 18 providing they're financially dependent on you</li> <li>any other person with whom you had an interdependency relationship</li> <li>any other person who was your dependant, which ordinarily means someone who was financially dependent on you.</li> </ul> <p>If a death benefit is paid as a lump sum to a tax dependent, no tax is payable. If a death benefit is paid to a tax non-dependant, tax is generally payable on the taxable component of the benefit.</p> <p><b>For information on how benefits are taxed:</b></p> <ul style="list-style-type: none"> <li>Refer to our <a href="#">Fact Sheet: How super benefits are taxed</a>.</li> <li>Refer to the <a href="#">Product Disclosure Statement and Reference Guides for Accumulate Plus or Retirement Access</a>.</li> </ul>

### Fees

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>Visibility of admin/management costs and how are we performing compares to other super funds.</li> </ul>	<p>Our answer covers two aspects to this question.</p> <p>For management costs/expenses in relation to the operation of the fund as a whole, we include information on the fund's income and expenses in the abridged financials as part of our <a href="#">Annual Report each year</a>, and through the full financial report for the fund, both of which are available on our website. We do monitor the fund's operating expenses against industry benchmarks. Based on 2020–21 financial year details, our ratio of expenses relative to assets and our cost per member were below the industry median. This enables us to continue delivering value for money and cost-effective services to our members. For more information on how our operating costs compare, please refer to our <a href="#">FY2020 Member Outcomes Assessment</a>.</p> <p>In relation to the fees that members pay, competitiveness on administration fees is an important part of our Accumulate Plus and Retirement Access product offering. Again, we use industry benchmarking to ensure our continued competitiveness compared to other super funds, and our fees consistently rate within the top quartile, meaning among the lowest fees in the industry. For more information on how our fees compare, please refer to our <a href="#">FY2020 Member Outcomes Assessment</a>.</p>

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li><i>Just wondering how my super account was charged fees whilst no super was paid?</i></li> </ul>	<p>Administration and investment fees apply to all Accumulate Plus and Retirement Access accounts in our fund. These fees relate to the general administration and operation of the fund, and the investment of the fund's assets, which is the money in your account balance.</p> <p>Within Accumulate Plus, we don't charge any contribution or roll-in fees, fees to switch investment options or investment buy-sell spreads. However, the administration and investment fees apply, regardless of your level of account activity.</p> <p>For more information on the fees that apply in Accumulate Plus and how they are deducted, please read the <a href="#">Product Disclosure Statement and Reference Guide: Fees and other costs</a>.</p>
<ul style="list-style-type: none"> <li><i>I notice 50% of my investment growth goes to admin fee. Any comments?</i></li> </ul>	<p>Administration and investment fees apply to all Accumulate Plus and Retirement Access accounts in our fund. These fees are related to the general administration and operation of the fund and the investment of the fund's assets, which is the money in your account balance.</p> <p>The fees that apply to these accounts are made up of:</p> <ul style="list-style-type: none"> <li>• A <b>fixed monthly administration fee</b>, which is deducted directly from your account balance.</li> <li>• An <b>asset-based administration fee</b>, calculated as a percentage of your account balance – this fee is incorporated into the unit pricing process, reducing returns.</li> <li>• As <b>asset-based investment fee</b> (which is different for each option), calculated as a percentage of your account balance – this fee is incorporated into the unit pricing process, reducing returns.</li> </ul> <p>Fees are not directly related to or calculated based on investment returns. However, given the fee structure outlined above, it's possible that total annual fees may be greater than or less than the returns earned by the investment option(s) for your account, depending on your individual account balance and investment market performance.</p> <p>To find out more about the fees that are charged, refer to the <a href="#">Product Disclosure Statement and/or Reference Guide</a> for your account type. For more information on how our fees compare, please refer to our <a href="#">FY2020 Member Outcomes Assessment</a>.</p>
<ul style="list-style-type: none"> <li><i>Given that Group Super is a very low touch super fund, and to the best of my knowledge does not have any relationship manager/ account manager/ fund-employed advice providers, and a limited education/ seminar service, what is the fund doing to drive down admin costs? Other funds with similar administration costs have significantly more member service offerings available.</i></li> </ul>	<p>Competitiveness of administration fees is an important part of our Accumulate Plus and Retirement Access product offering. We use annual industry benchmarking to ensure we continue to be competitive in this area when compared to other funds, and our fees consistently rate within the top quartile, meaning they're among the lowest fees in the industry. For more information on how our fees compare, please refer to our <a href="#">FY2020 Member Outcomes Assessment</a>.</p> <p>We know it's also important to focus on the services and experiences that are both important to members and provide value for money. There is often a trade-off between the level of services we offer and the fees we need to charge, and we continue to assess the value of additional services against the potential cost impact to members.</p> <p>We believe in the importance of financial advice and one of the services we provide is <a href="#">access to intra-fund advice</a>, which is financial advice that relates to your account in our fund. This service is provided at no additional cost to members.*</p> <p>Our focus on the importance of member education has continued over the last few years with our <a href="#">Group Super Live education seminar program</a>, which regularly offers face-to-face seminars and more recently, online webinars. These sessions engage members on topics such as maximising your super, and planning for retirement.</p> <p>We also expect improvements in the way we engage with members, and the way members interact with the fund, as a result of enhanced digital capability that will be available to us with our move to a new administration service provider. We expect to be sharing more details of the timing of this transition and the changes to services with our members later this year.</p>
<ul style="list-style-type: none"> <li><i>Given the coming Your Future, Your Super stapling changes, has there been any consideration or discussion with the Bank about the potential to cover the cost of fees and insurance premiums or a proportion of them, to continue to attract members as some other corporate funds do?</i></li> </ul>	<p>There has been no discussion with the Commonwealth Bank about subsidising fee or insurance premiums.</p>

\*Advice relating to Accumulate Plus and Retirement Access is provided by Commonwealth Financial Planning Limited (ABN 65 003 900 169, AFSL 231139). Advice relating to our Defined Benefit divisions is provided by Mercer Financial Advice (Australia) Limited (ABN 79 153 168 293, AFSL 411766).

## Insurance

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>What is the fund doing to ensure our insurance premiums are as low as they can be?</li> </ul>	<p>As is the case with all types of fees, affordable insurance cover is an important component of our Accumulate Plus product offering.</p> <p>We use annual industry benchmarking to ensure that our insurance premiums remain competitive relative to other super funds, and our death and disability premiums consistently rate within the top quartile, meaning among the lowest premiums in the industry. We also track well against our own insurance affordability measures. For more information on how our insurance premiums compare, please refer to <a href="#">our FY2020 Member Outcomes Assessment</a>.</p> <p>There's been many regulatory changes to insurance in superannuation in recent years, influencing end of cover terms and complexity of insurance policies. We are pleased to say that we have ensured that our premium rates have remained unchanged over this time. In fact, since 2014 we have only made two changes to death and disablement premium rates, both of which were decreases, making cover more affordable to members, and our rates more competitive.</p> <p>We are committed to periodically reviewing our insurance arrangements to ensure they remain appropriate for our membership.</p>
<ul style="list-style-type: none"> <li>What is the direction for the insurance offer as we don't have a business that makes cover? It seems quite expensive now.</li> </ul>	<p>The Group Super trustee outsources all activities required to support the fund's operations and management to <a href="#">a range of specialist service providers</a>. The Colonial Mutual Life Assurance Society Limited (CMLA) was the appointed service provider for insurance policies for the fund's members.</p> <p>Although some of the trustee's appointed providers are (or were) companies within or related to the CBA Group, these agreements are all in place on an arm's length basis and are subject to the same assessment and monitoring processes as all of our other providers.</p> <p>There has not been any change to the current terms and conditions of our insurance policies with the transfer of CMLA to AIA Australia*. Our premium rates also remain the same. However, insurance cover premiums are age-based and will generally increase with age.</p> <p>Providing affordable insurance cover is an important component of our Accumulate Plus product offering.</p> <p>We use annual industry benchmarking to ensure that our insurance premiums remain competitive relative to other super funds, and our death and disability premiums consistently rate within the top quartile, meaning among the lowest premiums in the industry. We also track well against our own insurance affordability measures. For more information on how our insurance premiums compare, please refer to <a href="#">our FY2020 Member Outcomes Assessment</a>.</p> <p>There's been many regulatory changes to insurance in superannuation in recent years, influencing end of cover terms and complexity of insurance policies. We are pleased to say that we have ensured that our premium rates have remained unchanged over this time. In fact, since 2014 we have only made two changes to death and disablement premium rates, both of which were decreases, making cover more affordable to members, and our rates more competitive.</p> <p>We are committed to periodically reviewing our insurance arrangements to ensure they remain appropriate for our membership.</p> <p><small>* The Federal Court recently approved the statutory asset transfer of CMLA's life insurance business to AIA Australia Limited (AIA) (ABN 79 004 837, AFSL 230043) under Part 9 of the Life Insurance Act 1995. Effective 1 April 2021, AIA has automatically replaced CMLA as the issuer of our insurance policies.</small></p>
<ul style="list-style-type: none"> <li>What is the percentage ratio of Group Super insurance (death cover, disability cover, etc.)? Say out of 100 claims, how many were able to claim some insurance cover for their case?</li> </ul>	<p>As at 30 June 2020, approximately 43,000 members of Accumulate Plus held insurance cover through their account. For the 2019–20 financial year, 98% of insurance claims were accepted, with approximately \$26 million paid to members in insurance benefits.</p> <ul style="list-style-type: none"> <li>100% of 35 death claims were accepted</li> <li>96% of 48 total and permanent disability claims were accepted</li> <li>100% of 8 salary continuance claims were accepted.</li> </ul>

## Defined benefits

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>How can I get more information on a defined benefit and in particular the 54/11 clause?</li> </ul>	<p>The rules that super funds must operate under are set out a document called a trust deed. The rules for each fund will generally be different.</p> <p>The trust deed for Commonwealth Bank Group Super sets out the benefit entitlements of members across all divisions of our fund. Our trust deed does not contain a 54/11 clause.</p> <p>For further information on the benefit entitlements for your division or how your division works, you can refer to your annual member statement, call us on 1800 135 970, or refer to the <a href="#">Member Booklet for your division</a>.</p>
<ul style="list-style-type: none"> <li>CPI increases only effectively is a reduction in the purchasing power of our pension. Can anything be done to address this?</li> </ul>	<p>Defined Benefit pensions in our fund are indexed each year, based on increases in inflationary measures such as the Consumer Price Index (CPI) or average weekly earnings. The exact inflationary measure used is different for each Defined Benefit division, as prescribed in the fund's trust deed and rules.</p> <p>We appreciate that as general measures of inflation, these may not always reflect the actual increases in living expenses experienced by some pensioners. As it is not possible to construct a measure that would be suitable to all individual pensioners, the fund's rules use these official measures to provide pensioners with general protection against inflation.</p>
<ul style="list-style-type: none"> <li>How many members are in the CF division and what funds are held to service that division?</li> </ul>	<p>There are currently 14 CBA employee members and 48 deferred members in our Defined Benefit Division CF.</p> <p>The benefit entitlements of members across all Defined Benefit divisions, as well as our Defined Benefit Pensioners, are fully funded. The fund's actuary regularly reviews our financial position and every three years attests to the fund's solvency, and its ability meet all obligations in relation to defined benefit member entitlements. A copy of the <a href="#">most recent actuarial report as at 30 June 2018</a> is available on our website.</p>

## Digital & cyber

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>How have you moved the fund to digital and what measures are you taking to protect against fraud/hackers?</li> <li>Why doesn't the fund have a modern interface and functionality like many other competitive funds?</li> </ul>	<p>In 2016, Group Super made our first real significant transition to digital delivery with the introduction of our online statements, which around 75% of our members have now adopted.</p> <p>Since then we've moved much of our member communication, education and seminars to digital delivery. During the last year, when COVID-19 resulted in many businesses adopting greater use of digital services, we sent over 740,000 emails to our members, providing them with benefit statements, financial wellbeing updates and important information about their accounts. During this time, we also evolved our member education program to an online webinar format, with emails to invite members to one of the 83 webinars we held during the year.</p> <p>Planning a transition to new service provider for our member administration will result in an uplift in our digital services. Such uplifts will be the availability of a secure and functional Group Super App, which will be accessible through a member's smart device, access to financial advice tools, and availability for members to choose their preferred delivery option for a greater range of transactional and operational notices from us. We expect to be sharing more details of the timing of this transition and the changes to services with our members later this year.</p> <p>With regards to cyber protection, the pandemic has clearly provided cyber criminals with new opportunities to breach organisations' defences, particularly with the shift to more remote working practices. We benefit greatly from being a part of the broader CBA Group and the strength and depth of the Group's cyber protection. We also do a significant amount of due diligence with our service providers to ensure they have strong cyber processes.</p> <p>Cyber security is certainly something we take very seriously. We've made significant investments this year in our cyber controls and we'll continue to ensure we have appropriate tools and resources in place to ensure your data is protected. There's also steps we'd encourage our members to take, such as regularly checking your super account to ensure there are no suspicious transactions, and importantly protecting your login and password details.</p>
<ul style="list-style-type: none"> <li>Could we please get a specialised Group Super mobile app developed so that members can access information for superannuation. Just a website log in is not enough and mobile app access is quick and easy. CFS has a dedicated app so should Group Super.</li> </ul>	<p>The transition to a new service provider for our member administration will result in an uplift in our digital services. One such service uplift will be the availability of a secure and functional Group Super App, which will be accessible through a member's smart device. We expect to be sharing more details of the timing of this transition and the changes to services with our members later this year.</p>

## Growing your super / Planning for retirement

Member question(s)	Group Super response
<ul style="list-style-type: none"> <li>There needs to be more active support to grow my balance as it shows I'll be placed on pension when I use calculator. How will [Group Super, formerly the] OSF help us more?</li> </ul>	<p>We understand that all members have different circumstances, goals and objectives for their super and in planning for retirement. With this in mind, we aim to provide a range of services and product features to help members make the choices that best suit them.</p> <p>This includes:</p> <ul style="list-style-type: none"> <li>Access to a range of investment options, each with a different investment objective, level of investment risk and potential return, to help you tailor an investment selection to suit your own circumstances and goals.</li> <li>Our <i>Group Super Live</i> seminar/webinars provide knowledge and practical tips to help maximise your super and preparing for retirement.</li> <li>Our website <a href="https://oursuperfund.com.au">oursuperfund.com.au</a> has a range of information, education and fact sheets on key topics.</li> <li>We offer a phone-based financial advice service. As a member, there's generally no additional cost to seek advice about account options in our fund, e.g. super contributions, investment options or insurance cover. Call us and ask to speak with the advice team.*</li> </ul> <p>Getting advice that considers your unique personal circumstances is also an important step in planning for the future. To help make it easier for our members to seek financial advice about their account in our fund, we offer the option for members to request that the fees they've agreed with the authorised financial adviser of their choice to be <u>deducted from their super account balance</u>.</p> <p><small>*Advice relating to Accumulate Plus and Retirement Access is provided by Commonwealth Financial Planning Limited (ABN 65 003 900 169, AFSL 231139). Advice relating to our Defined Benefit divisions is provided by Mercer Financial Advice (Australia) Limited (ABN 79 153 168 293, AFSL 411766).</small></p>



Find out more or log in at [oursuperfund.com.au](https://oursuperfund.com.au)



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