

Group Super News

Your member update

Accumulate Plus | February 2022

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Accumulate
Plus
members

 oursuperfund.com.au
 1800 023 928 between 8am and 7pm (AEST/AEDT) Monday-Friday
 oursuperfund@cba.com.au
 GPO Box 4758, Sydney NSW 2001

 Commonwealth Bank
Group Super

Change for the better, with the same commitment:

A note from our CEO.

Our focus as a fund is on constantly seeking ways to better deliver returns and services to you, our members. We continue to focus on enhancing our investment approach and have clearly heard the feedback from members that our Balanced (MySuper) option performance results needs to be a priority. In the coming months, in addition to changes to our Balanced (MySuper) investment portfolio we have already made, we will deliver significant enhancements across the fund. These changes include a new default (MySuper) investment approach, enhanced member investment choices, increased climate action, and improved digital services including a dedicated mobile app and enhanced online portal. This newsletter details these changes.

You'll have received a letter from us in early January about our upcoming transition to our new service providers; this transition is going well. We are confident that our new member administration provider, Mercer Outsourcing (Australia) Pty Ltd, and our new master custodial services provider, State Street Australia Limited, have the comprehensive services needed to help improve outcomes for members. You can read more about the transition changes and the key dates when some services will be paused on page 7. For additional information, please visit oursuperfund.com.au/changes.

We have recently updated our environmental, social and governance (ESG) policy to enhance our commitment to net zero emissions across our portfolio and operations by 2050. You can read more about this on page 4.

On completion of the service provider transition, we will be launching our new Lifecycle (MySuper) investment option, designed to better suit members at different ages and help them achieve better outcomes for their retirement savings. Find out more on this initiative on page 3.

We are grateful you have chosen us to manage your superannuation and thank you for your patience as we work to deliver improved services and benefits as part of our commitment to helping provide better retirement outcomes for our members.

Scott Durbin
CEO, Commonwealth Bank Group Super



COMING SOON

Our new Lifecycle (MySuper) investment option!

Our default Balanced (MySuper) option will be replaced shortly by our new Lifecycle (MySuper) option.

We're pleased to confirm that on completion of the service provider transition, which is anticipated to be from mid-2022, our new Lifecycle (MySuper) investment option will become our fund's default MySuper investment option.

How will it benefit members?

We understand that life is busy and for some, super may not be the first thing on their mind. For those who are currently in the Balanced (MySuper) option, moving to a lifecycle option may provide greater peace of mind for members.

This Lifecycle (MySuper) option is aimed at helping members achieve more in savings for retirement. As the name suggests the trustee will adjust the investments in the default option over the lifetime of each member. When members are younger their super will be invested in more aggressive growth seeking assets, such as shares. As members age, the investments in the option will become more diversified to provide smoother returns as they approach retirement.

Members who leave the choice of investment option up to the trustee may feel more comfortable knowing that their fund is taking their life stage into account when investing their super balance.

Why the change?

Currently, the investment approach for our Balanced (MySuper) option is to use a single balanced diversified investment strategy to achieve returns and help manage risk, so the investment strategy remains consistent regardless of age.

As members age, life happens – circumstances may change, retirement goals may change, and tolerance of risk may also change. For example, what may be appropriate for a member when they are 35 and what may be appropriate for them when they are 65 may not be the same. At age 35, members generally have more time to ride out the ups and downs of investment markets in order to achieve higher returns over the long term. At older ages, members are generally starting to consider drawing on their super to fund their retirement, and while still requiring growth in their account, may be generally seeking a smoother experience in investment returns.

How will it work?

A lifecycle investment option is exactly that – an option that follows a member through various cycles of life. Younger members will have more growth-based assets, such as shares, in their investment. Older members, by contrast, will have more defensive-based assets, like fixed interest, in their investment to manage and mitigate the risk of loss as they move closer to retirement.

Our Lifecycle (MySuper) investment option has five stages, one for a particular stage of a member's life. As a member ages, their super account will progress through the five stages in the table below.

What are the next steps?

On completion of the service provider transition, we will write to members. We anticipate this will be in **April 2022**.

We will provide more details about each of the five lifecycle stages, and for those members currently invested in the Balanced (MySuper) option. We will include details of which lifecycle stage each member's balance will be transferred to upon the launch date.

We anticipate that in mid-May 2022, we will transfer members' balances from the Balanced (MySuper) option to their corresponding Lifecycle stage.

What if members don't want to be placed in the Lifecycle option?

Members who don't wish to move to the new Lifecycle (MySuper) option will be able to opt out of the move and instead select their preferred investment option(s) from our investment choice menu. Instructions on how to do this will be included in instructional correspondence.

Lifecycle investment option stages

Stage 1	Members aged 47 or under will start in Lifecycle Stage 1. This stage has more growth assets than the other four stages.
Stage 2	Members will move from Stage 1 to Stage 2 upon reaching age 48. Stage 2 has a slightly lower allocation of growth assets, such as shares, and a corresponding increase in defensive assets, such as fixed interest and cash, from Stage 1.
Stage 3	Members will move from Stage 2 to Stage 3 upon reaching age 54. They will have a lower growth allocation than Stage 2 members.
Stage 4	Members will move from Stage 3 to Stage 4 upon reaching age 60. They will have a lower growth allocation than Stage 3.
Stage 5	Members will move from Stage 4 to Stage 5 upon reaching age 67. It has the highest defensive asset allocation.

Our climate change action plan.

We have updated our climate change action plan to support our commitment to **net zero emissions** across our investment portfolio and operations by 2050.

Transitioning to a net zero emissions economy will present opportunities for us to take advantage of and risks for us to manage to ensure we protect and enhance the long-term financial wellbeing of our members.

As part of this decarbonisation transition, last year we implemented a fossil-fuel related exclusion across our portfolio's direct holdings, excluding companies that derive more than 10% of their revenue from thermal coal and oil tar sands mining.

More recently, we have been assessing our fund's portfolio carbon emissions footprint and potential reduction pathways to get to net zero by 2050, and **have set an ambitious interim carbon emissions target of at least 45% expected reduction in portfolio carbon emissions (Scope 1 and 2) by 2030.**

We have started working with our fund's investment managers to set decarbonisation targets across our various asset classes and strategies in order to track our progress and achieve our expected interim and net zero goal.

Looking towards a brighter future

We are committed to embedding ESG considerations into our business processes and decision-making. Integrating ESG considerations into how we invest allows us to reduce risks, maximise investment opportunities and contribute to a sustainable future. We encourage you to read more in our ESG policy on our website.

ESG in action: Two of our infrastructure investments on the path to improved sustainability

As part of the investment strategy in our diversified options we invest in Real Assets such as infrastructure. Here we showcase some of the recent updates to two of our infrastructure investments.

Sustainable Energy Infrastructure (SEI)

SEI is a diversified portfolio of energy generation and distribution assets across Australia. Currently, we own 50% of the SEI portfolio.

The portfolio has two new solar project assets through a partnership with Yes Group, which manages solar construction and installation. SEI, through this partnership, recently completed its first two solar projects and are now exporting generation opportunities in South Australia.

Three new projects currently underway, each comprising an integrated solar farm and co-located battery storage solution, will be among the first fully integrated solar farm and battery operated developments in South Australia. These planned projects, together with the two completed

projects, are expected to create over 100 employment opportunities for local communities. These are important developments as part of our decarbonisation transition.

For more information on SEI, visit www.sei.com.au.

Vopak Terminal / Vopak Solar Park (Eemshaven, The Netherlands)

Vopak Terminal is a tank terminal, purpose built for the long-term storage of strategic petroleum reserves. It is located in Eemshaven in the north of The Netherlands and has been operational since 2012.

Through a joint venture between the local Groningen Seaports, where the terminal is located, and co-owners of the terminal including Vopak and other funds managed by Whitehelm Capital (our fund's infrastructure manager), over the last year a solar park was built utilising excess land surrounding the terminal facility. The official opening of its first power production was on 14 October 2021. This sustainable energy produces approximately 25 megawatts of power, equivalent to an average consumption of about 8,000 Dutch households.

For more information on the Vopak Solar Park, visit the news hub at www.whitehelmcapital.com.



Insurance in super and reviewing our offer to members.

Just like your home or car, your ability to earn an income is likely to be one of your most important assets. Insurance can provide valuable peace of mind knowing that in the event of the unexpected, it can help give you and your loved ones a level of financial protection when it is needed the most.

There may be advantages for super fund members who also hold insurance as part of their Accumulate Plus account. For example, grouped premium rates may be more cost-effective than individual insurance rates, and paying for premiums through your super rather than your after-tax money may be tax-effective in some cases.

It's also important to be aware that insurance premiums that are deducted from your account balance will reduce the overall amount of super that is available when you retire. Regularly reviewing your level of insurance cover(s) and related cost(s), so that they reflect your situation and needs is also important.

We're here to help

For more information on insurance cover in your Accumulate Plus account, visit our website. You may also wish to seek professional financial advice.



¹ SuperRatings Benchmark Report 2021

Insurance cover in Accumulate Plus is provided through insurance policies that the fund's trustee holds with AIA Australia Limited (AIA) (ABN 79 004 837, AFSL 230043).

Reviewing the Group Super insurance offer

Like most super funds offering insurance, we review our offering regularly to ensure it is appropriately designed to provide value to members. We consider many contributing factors, such as member demographics, occupations, cost effectiveness, competitiveness and affordability, with the goal of continuous improvement.

Our focus is to keep fees and costs low, so you have more money in retirement – that's why there have been no increases in your Death and Total and Permanent Disablement (TPD) premiums for some time, and premiums even decreased in 2014 and again in 2017.

We're committed to keeping our insurance offering competitive. Our insurance premium rates continue to remain highly competitive compared to other super funds and insurance providers in Australia.¹

A time of change

The last few years have been a time of significant change in the insurance space, particularly with the legislation known as Protecting Your Super (PYS) and Putting Members' Interests First (PMIF). These laws are aimed at ensuring super savings aren't unnecessarily reduced by the cost of insurance cover that may not be needed.

However, due to the unavoidable effects of higher costs now experienced across the insurance market, insurance premiums for death and total and permanent disablement cover will be increasing.

It's never easy to increase the premiums our members pay, but our insurer has determined that an increase is required to continue to appropriately cover the cost of providing insurance to our members. Premium rates for Death and TPD insurance will increase from 1 March 2022. However, if you have Salary Continuance insurance your premiums will **decrease** from 1 March 2022.

We are also working with our insurer to improve the definitions of TPD within our insurance policy so that they are more inclusive.

If you do not have insurance cover through your Accumulate Plus account, these changes will not affect your account.

For more details on these changes, please refer to the recent communication sent to you in January 2022.





An investment portfolio update.



Historically, including over the past few months, where underperformance or areas for improvement were identified in our investment strategy and our investment portfolios, we implemented a range of enhancements that are expected to improve future returns.

In response to ongoing review of our approach, we have made (and will continue to review) the following investment portfolio changes with long-term returns in mind.

In light of the recently introduced Your Future, Your Super (YFYS) annual performance assessment benchmarks, our Multi-Asset managers have been

instructed to move portfolios to be more in-line with the more growth-oriented benchmarks used by the Australian Prudential Regulation Authority (APRA) to assess our performance. In addition to being more aligned with APRA benchmarks, we believe this approach alongside other changes in the portfolio will result in enhanced risk/return outcomes for our members over the long term.

We have reviewed our Alternatives assets portfolio and introduced private and alternative credit into the portfolio over 2021. To further strengthen returns while driving further diversity within our investment options, we have appointed a new 'Alternative Risk Premia' fund manager, Fulcrum, to the Alternatives assets portfolio. We anticipate that

Fulcrum's expertise, track record and competitive fees will add value to our broader investment portfolios.

Within our Real Assets portfolio, we divested from the Mount Pleasant Shopping Centre in Queensland, resulting in a higher than expected return, which has been a longstanding retail property holding in the portfolio. The sale fits with our long-term objective to further diversify our property and infrastructure portfolios.

Further, as part of our regular strategy reviews we continue to explore areas for further enhancement, including, for example, the continued build-out of our Real Assets portfolio to participate in exciting long term property and infrastructure opportunities, as covered in our climate change action plan article.



Investment market update.

The last 12 months saw shares continuing to recover from their COVID-19 lows with a number of global sharemarkets repeatedly re-setting historic highs with the market returning double digit figures. Relative to 2020, however, the pace of increase has slowed somewhat and experienced periods of significant volatility as new COVID-19 strains emerged and sharemarkets anticipated the potential impacts of easing economic and government stimulus and sooner than expected interest rate rises from central banks.

Traditional fixed income markets including bonds and cash experienced a challenging year with interest rates and bond yields continuing at all-time lows, and with periods of bond market volatility resulting from surprises in inflation data also contributing to returns in these markets that were flat or even negative. With low interest rates still prevailing and bond markets' continued sensitivity to the threat of continued higher inflation data, which

ultimately leads to bonds falling in value when priced in, this difficult environment for fixed income and cash investments is expected to continue in the short to medium term.

As corporate earnings remain strong and economies continue to emerge from lockdowns, it is likely that reasonable levels of economic growth will continue in the short-term but also appear to be dampened by the recent Omicron variant of COVID-19. With many asset classes trading at near historic highs and the likely 'tighter' economic policy settings coming from governments and central banks around the world, it is possible sharemarket returns over the medium term will be lower than those observed over the last decade, with the potential for material volatility. This outlook underlines the continued importance of diversification within investment strategies whilst maintaining appropriate levels of long term growth exposure.

A reminder of our service provider transition and things to consider for your account.



In early January, we sent members a letter announcing the formal introduction of our new service providers for our member administration services and master custody services.

We've listened to your feedback and partnered with specialists who have the expertise to help produce great outcomes for our members.

What this means for you

You can look forward to exciting features that will make managing your super even easier, including:

- **enhanced online services** such as an improved member portal and Group Super mobile app
- **access to tools** to help you forecast your future super balance and retirement income needs
- **tailored communications** including personalised, relevant insights and clear actions to take
- **enhanced financial advice services** to help you access greater advice support
- **flexible and future-facing technology** that will allow us to introduce new features.

Temporary pause on account access and transaction processing

This is an exciting time for our fund, however with this amount of significant change comes a period of transition where we ask for your understanding and patience. We understand this may be disruptive for members and we're working hard behind the scenes to minimise any inconvenience, but as a reminder please be mindful of the following:

- From **3pm 22 February until early April 2022** the processing of all transactions (including investment switches) will stop while we transition to our new providers
- FirstNet will move to read-only access on 20 February and permanently close on **28 February 2022**, and will be replaced by a comprehensive new member portal in early April 2022

- From **28 February** your account will no longer appear in NetBank and the Commbank app, but you'll have quick and easy access to your account details via the new member portal and mobile app when they are launched in early April 2022.

Please ensure you make any desired transactions or changes within your account prior to 20 February, to guarantee processing ahead of the transition period.

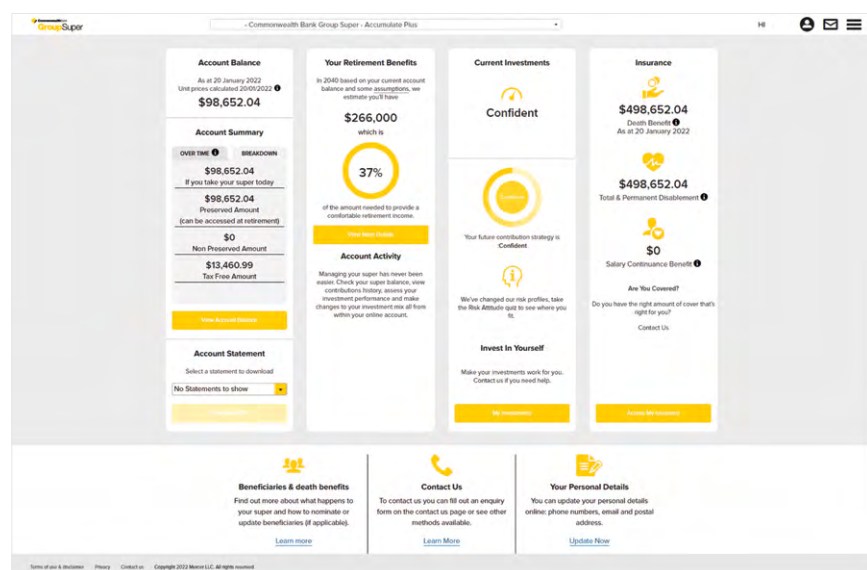
We are confident these changes will deliver improved services and benefits as part of our commitment to helping provide better retirement outcomes for our members. For more information, visit oursuperfund.com.au/changes.

Fast and easy e-communications from Group Super.



We communicate with members using their email, phone and address details. Emails are cost effective and timely, can easily reach members with fund updates, legislative changes and information to help make the most of their membership.

Make the switch to electronic communications by providing us with your email address. It's easy! The quickest way to update your details is to log into your account online (oursuperfund.com.au/login) and follow the prompts to make your changes.



A visual of the new member portal dashboard



Member notices.

Update on Group Super board of directors

There have been some recent changes amongst the fund's board of directors. We welcomed Magda West as a Member Director in June 2021. Poon Fletcher, a Member Director since 2018, departed the board in November 2021 at the end of her term, and we thank her for her valued contribution to the board. We also welcomed Jessica Pramana as our newest Member Director in December 2021. Jessica was the only confirmed nominee for our member director election in September 2021, therefore the full election process was not required. For more details on our board members, please visit our website.

2020-21 Annual Report online

Our 2020-21 Annual Report is available to view or download from our website oursuperfund.com.au. Please contact us if you require a printed copy of the report. Note: if you requested a printed copy of last year's report, we will automatically send you this year's report once available. Copies of annual reports from previous years are also available from our website.

Group Super's Annual Member Meeting (AMM)

We are holding our fund's second AMM in mid-February 2022. The meeting will be held via online livestream, and a recording, meeting minutes and answers to questions will be available from our website oursuperfund.com.au/member-meetings after the meeting has concluded.

Changes to strategic asset allocation ranges for the Balanced option

From 27 September 2021, the strategic asset allocation ranges for the Balanced investment option changed. For more information you can view the Update Notice, available at oursuperfund.com.au/pds.

Decrease in administration fee




The asset-based administration fee decreased from 0.17% to 0.12% of account balance per year, effective 27 September 2021. This change resulted from the transferring of some cost components from administration fees and costs to investment fees and costs. As a result of the reallocation, there is minimal or no change in the overall fees and costs borne

by members. We estimate that investment fees and costs for 2021-22 for each investment option would be approximately 0.05% of account balance per year higher as a result of the transfer. For more information you can view the Update Notice, available at oursuperfund.com.au/pds.

Temporary unavailability of intra-fund advice services

The trustee's outsourced agreement with Commonwealth Financial Planning Limited (ABN 65 003 900 169) to provide intra-fund advice services to members of Accumulate Plus and Retirement Access ceased from 1 September 2021. While we transition to a new service provider, intra-fund advice services are temporarily unavailable to members. We expect this service to resume in the first half of 2022. For more information, please refer to the recent letter you would have received from us in early January 2022, introducing our new service providers.

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-  oursuperfund.com.au
-  1800 023 928 between 8am and 7pm (AEST/AEDT) Monday-Friday
-  oursuperfund@cba.com.au
-  GPO Box 4758, Sydney NSW 2001

This newsletter was prepared on 1 February 2022 by Commonwealth Bank Officers Superannuation Corporation Pty Limited (the trustee) (ABN 76 074 519 798, AFSL 246418), trustee of Commonwealth Bank Group Super (the fund) (ABN 24 248 426 878). The information is prepared for members for general information only and does not take into account your individual objectives, financial situation or needs. You should consider the information and how appropriate it is having regard to your own objectives, financial situation and needs. You should consider the Product Disclosure Statement (PDS), Reference Guides and Update Notices relating to the product from our website oursuperfund.com.au/pds before making any decision about whether to acquire or continue to hold the product. You should also consider seeking professional financial advice tailored to your personal circumstances from an authorised financial adviser. The target markets for our products can be found within the product's Target Market Determination, available at oursuperfund.com.au/tmd. GroupSuper/1782/0222