

ngs
Super



CREATING BRIGHTER FUTURES

ANNUAL REPORT 2019/20

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In addition to this Annual Trustee Report, NGS Super publishes Supplementary Annual Reports for its defined benefit sub-plans including the Catholic Church Staff Superannuation Plan (CCSSP) South Australia, Cuesuper Superannuation Defined Benefit Plan (Cue Super), and Penleigh and Essendon Grammar School (PEGS) Superannuation Plan. These Supplementary Annual Reports should be read in conjunction with this Annual Report and are available via ngssuper.com.au/annualreport





\$11.46 BILLION

IN NET ASSETS UNDER MANAGEMENT



13,902

EMPLOYERS ARE
USING NGS SUPER



114,625

ACCUMULATION AND
INCOME ACCOUNT MEMBERS



62.8%

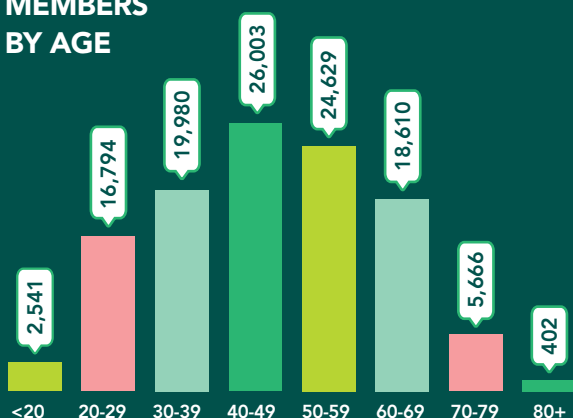
OF ELIGIBLE[^]
MEMBERS
ARE INSURED



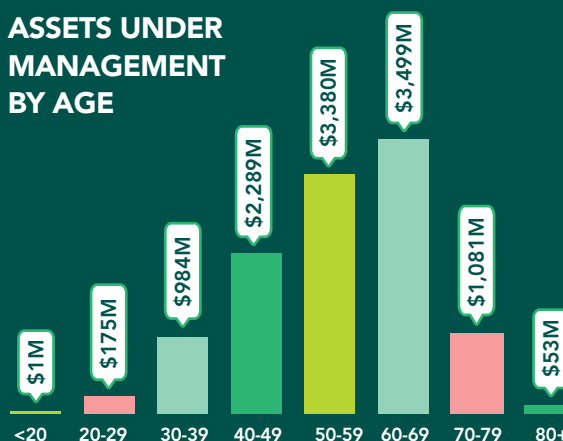
AROUND 7.5%

OF MEMBERS HAVE
SOUGHT ADVICE AND
EDUCATION SERVICES
FROM NGS SUPER

MEMBERS
BY AGE



ASSETS UNDER
MANAGEMENT
BY AGE



[^] Eligible members are defined as being under the age of 75 and are in the accumulation phase.

CEO AND CHAIR UPDATE

Highlights
from
the 2019/20
financial year

It's fair to say that we're unlikely to see another year like the 12 months just gone. The effects of the COVID-19 pandemic have been — and continue to be — far-reaching, for individuals, communities, businesses and governments.

As a super fund, we've been in the thick of it. Our priorities are always to manage our members' savings, and to communicate to let you know what is happening. This past year, that's been more important than ever.

Like some of our members, NGS staff have been working remotely since late March, as have most of our service providers. It's a testament to everyone that we have been able to maintain our operations and level of service, never losing sight of our main purpose.

The annual return for the Diversified (MySuper) option was **-0.60%**¹ for accumulation and transition to retirement members, and **-0.71%**¹ for members in the retirement phase. While it may seem strange to talk about negative returns as a great result, this is actually a significant achievement given the unusual economic environment — and it's also very competitive in the market. Superannuation is a long-term investment, and long-term returns on our portfolio remain strong.

If we described 2018/19 as an 'interesting' year for investment markets, it's hard to find the right words to describe 2019/20. While the global political issues that had markets on high alert last year — US-China tensions, conflict in Hong Kong and Brexit — have continued to play a role, the global economic impact of COVID-19 has been the prime driver of market movements.

INVESTMENTS TEAM

The challenges facing our investments team this year have been, to use a word that we've heard too much recently, unprecedented. In last year's annual report we mentioned that the team had reduced share market exposure across the portfolio — as it turns out, this restructuring was instrumental in allowing us to achieve the returns we did.

NGS has a strong risk management culture and any investment decisions are run through a rigorous process to understand the downside risk and therefore weighting within the portfolio. The portfolio was more defensively positioned leading into the downturn in early 2020, as the team recognised that risks were mounting across global economies as share market prices remained high and economic growth was moderate with weak indicators of improvement.

As markets fell throughout the first quarter of 2020, the portfolio remained invested and took profits from those areas that outperformed and reinvested in those areas with the most potential for excess returns during an economic recovery.

REGULATORY CHANGE

An unforeseen responsibility for us as a Fund was the superannuation impact of the federal government's COVID-19 stimulus package, which included:

- the extension of the early release of super provisions to those affected by COVID-19 and
- the reduction of minimum drawdown limits for income account members for the 2019/20 and 2020/21 financial years.

As we alluded to in last year's annual report, there was more work around the Protecting Your Super and Putting Members' Interests First legislation this past financial year. In summary:

- inactive *Accumulation account* members with insurance cover were required to opt in to keep their cover or risk it being cancelled at 1 April 2020
- there were changes in the provision of Default Cover to new *Accumulation account* members from 1 April 2020.

¹ Past performance is not a reliable indicator of future performance.



Dick Shearman
Chair, Trustee Board



Laura Wright
CEO, NGS Super

ENVIRONMENTAL, SOCIAL AND CORPORATE GOVERNANCE (ESG)

It was another busy year of ESG work for the Fund. Key achievements for the year were:

- mapping our investments to the United Nations Sustainable Development Goals (UN SDGs), including the work that was required to develop that methodology
- measuring the carbon intensity for the Australian equities and international equities portfolios
- appointing an international equities engagement partner to strengthen and expand our engagement reach to international equities
- determining our methodology and approach for assessment of Modern Slavery in all of the Fund's supply chains (not just investments).

Reflecting our ongoing commitment to ESG, the Fund now has a dedicated position of Senior Manager, ESG and Responsible Investment. Appropriately, this role has been filled by Skye King, who won the ACSI Michael O'Sullivan ESG Rising Star Award in May in recognition of her contribution and leadership in the ESG space.

The Fund has been working towards our first report for the Task Force on Climate-Related Financial Disclosures, which we expect to submit before the end of 2020.

The Fund is now proudly certified as carbon neutral and tobacco-free.

In November 2019 we launched a new Fund Sustainability page on our website, where we share all of our policy documents, certification and initiatives, as well as articles and updates for members.

KEY MILESTONES

- We were honoured to win the Chant West Best Fund Insurance Award for the third consecutive year (and the fourth time), a great acknowledgement of the work we continue to do to offer our members best-in-class insurance.
- We introduced the retirement bonus payment for members transferring to an income account.
- Gloria Taylor retired on 23 June 2020, after 18 years as Member Director and Peter Fogarty retired as Deputy Chair, Employer Director (31 December 1995 to 30 July 2019). We thank them both for their service.
- Our CRM team were able to pivot from in-person member meetings to phone/video — and in the last quarter (1 April to 30 June 2020), individual member meetings were up almost 30%.
- Our call centre staff all moved to working from home in March/April and managed this significant transition seamlessly.
- Our marketing automation platform was launched in September 2019, allowing NGS campaigns to be segmented, personalised and triggered automatically. The onboarding program targeting new members (approximately 7,500 annually) through the marketing automation platform has achieved strong results.
- The People and Culture team introduced a Competency Framework to enhance our staff's career development and have provided invaluable support for the safety, health and wellbeing of all staff during the pandemic.

LOOKING FORWARD

By the time you read this, you will have heard about our upcoming merger with Australian Catholic Super, one of the good things to come out of difficult year. Bringing together two like-minded funds and combining the strengths of both is a key step in ensuring that we continue to provide the best retirement outcomes for our members.

What the extraordinary challenges of 2020 have highlighted for us is the importance of our role in managing the retirement savings of our members. We understand that in times of financial uncertainty, our members look to us for information and reassurance, and we have worked hard to provide this.

“Our commitment to you is one thing that remains unchanged, and we look forward to continuing to do our best for you, whatever the next year brings.”

INVESTMENT UPDATE

**Ben Squires**

Chief Investment Officer

We are living through unprecedented times, which we will probably look back on as one of the most challenging periods in modern history. The rollercoaster ride within markets has mirrored many of our personal experiences, as we navigate uncharted waters, hoping for a more stable future.

The rapid decline in global growth was like no other downturn in recent times. Central banks and governments responded by providing extraordinary support, which saw markets recover with as much velocity as the waterfall witnessed in mid-March. The experience gained from the 2008 financial crisis meant that both central banks and governments acted swiftly and broadly, giving comfort to investors and providing a floor to further deterioration in shares and other financial assets.

While an effective vaccine eludes us, global mobility restrictions will persist, and there is as yet no clear 'return' path to life as it was before the pandemic. Having said that, work to develop a vaccine is continuing apace, and we believe it is only a matter of time before we see a commercialised product.

Many Australians took advantage of the government superannuation early release provision, but claims within NGS Super were very low, thanks to the employment stability many of our members enjoy within the education and community-related sectors. The Fund remains in a strong position with positive cash-flows and stable membership.

NGS SUPER PERFORMANCE

This experience has demonstrated the value of diversification, as social distancing measures impacted most companies, industries and sectors around the world.

The Diversified (MySuper) option finished the year with a -0.60% return. This was a pleasing result given the significant impact to share markets and other financial assets witnessed in quarter one of the calendar year. The table opposite shows the contribution to overall portfolio performance over the 12-month period.

The portfolio benefited from holding more foreign currency which reduced the impact of falling global shares and the equally large fall in the Australian dollar. The downside protection program also reduced the impact on the portfolio along with outperformance of our global active managers. The private equity portfolio is skewed towards healthcare and technology and this provided a tailwind to performance over the year. Investments held in hospitals, data fibre networks, distributed energy and contracted assets within our infrastructure portfolio offset weaker performance from airports, seaports and toll roads.

Within the property portfolio, a higher weighting to industrial assets relative to commercial and retail provided some offset to those sectors most impacted by social distancing measures.

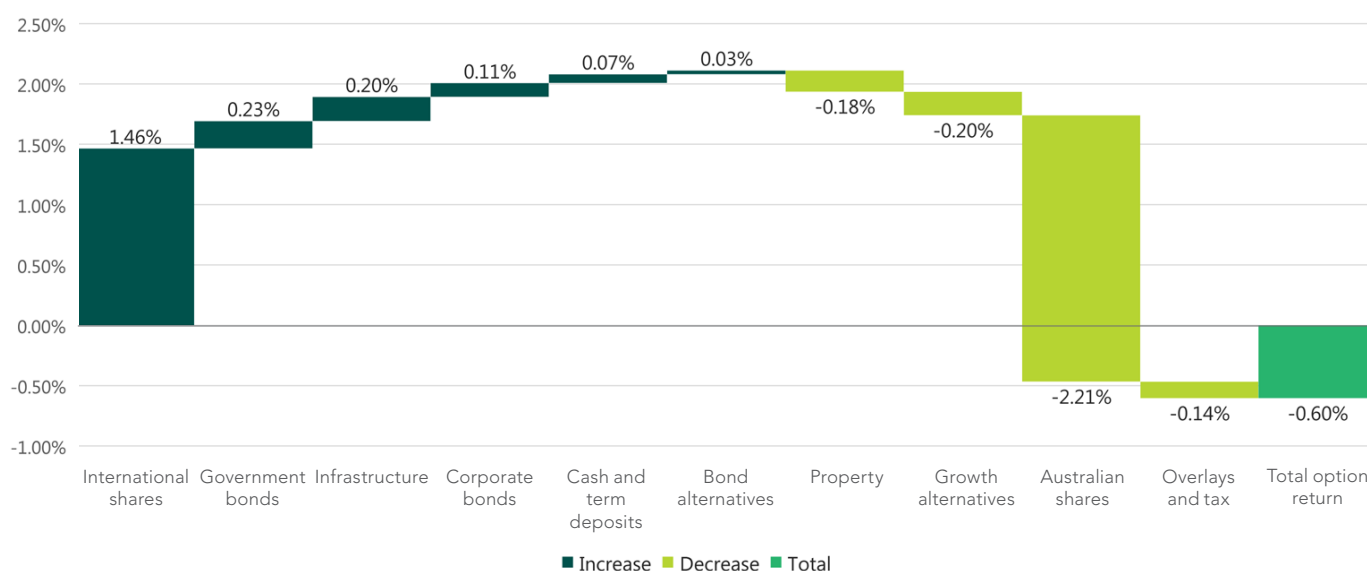
Australian shares made the greatest negative impact on returns, as shown in the table on the next page. This was a result of higher concentrations within the Australian markets to financials, resources and other cyclical sectors such as industrials, which underperformed relative to sectors that outperformed such as consumer staples, healthcare and technology.

The defensive parts of the portfolio performed their role, with government bonds, corporate bonds and bond alternatives all making a positive contribution to returns.

ACTIVITY OVER THE YEAR

Over the year, the Fund has continued to diversify the portfolio holdings, adding more private equity commitments both domestically and globally and allocations within the bond alternative sector. These investments include insurance-linked securities, technology-focused private equity and alternative forms of debt instruments. Many of these investments are new and are yet to provide the full benefit within the portfolio, but will do so over the coming years. The Fund's investments in offshore share markets has increased, at the expense of the Australian share position.

Diversified (MySuper) option – 1-year contribution to return[#]



[#] Some additional exposures, such as currencies, derivatives and taxes, contributed to the returns. These represented less than -0.14% contribution to the Diversified (MySuper) option return.

The pursuit of investments in areas that have strong tailwinds continues to be a focus, and this has not been interrupted by the events of 2020 — rather, they have reinforced the benefits of including such investments in the portfolio.

The Fund has also completed work in relation to sustainability and specifically climate change risk. We have appointed a dedicated manager to lead this effort and commissioned several research projects. The Fund has actively engaged with other like-minded investors to promote positive change and has also voted in favour of several shareholder resolutions in relation to climate change.

THE FUTURE

The experiences of 2020 will have both temporary and permanent effects on consumer behaviour into the future — there will be winners and losers within the economy. At a local level, it is likely that immigration, which has been one of the major contributors to growth over the last two decades, will be affected over the short term. In addition, remote working, mobility and the cadence and use of our time will impact consumption patterns and trends. To compensate for lower immigration-led growth, productivity will need to improve to fill this void — something that has been difficult to achieve with the structural elements in our economy. Many of the Asian regions still enjoy a demographic tailwind, so growth will likely revert to trend. Globalisation has likely peaked, and this may result in companies reassessing the resilience of supply chains and the need to localise manufacturing.

Excess capacity within the economy will provide a tailwind to growth over the short term as more people re-join the workforce. Pent-up demand along with higher saving rates will be positive for risk assets as people start to increase their mobility and spending within the economy.

Deflationary risk will ensure that interest rates remain low for the foreseeable future, and money supply will continue to remain high around the world, as governments attempt to stimulate growth. The deflationary pressures include high levels of public debt, ageing populations, lower levels of productivity and geopolitical tensions. The hope is that some level of inflation occurs over the medium term, but it is not expected to be outside the target level set by central banks, which would give rise to higher interest rates.

Those companies that have continued to actively invest in Research and Development will be better positioned going forward, particularly if growth is moderate to low over the medium term. The low growth environment will result in higher prices for risky assets such as shares. Those secular trends including demographics, climate change, technological advancements in automation and artificial intelligence and rising wealth in emerging economies will continue and this will provide both risks and opportunities to generate returns across the investment options.

HOW WE MANAGE YOUR MONEY

Investment earnings were allocated to your account based on changes to the NGS Super unit prices, which were calculated weekly and can be accessed via ngssuper.com.au/investments

A custodian holds and safeguards the Fund's investments, and monitors changes in their value (as required by regulation).

Each week, the custodian calculates the Fund's unit prices, which reflect changes to the underlying investments for each option.

It then provides the unit prices to your account administrator, who multiplies the number of units in your account by the current unit price to update your account balance.

In other words, investment market movements and valuations are translated to your account balance.

The investment returns given in this report are the return (after investment management fees, asset fees and taxes) you would have received if you had invested in a particular option for the full 12 months to 30 June 2020.

The return on any contributions you made during the year would be equal to the change in the unit price *only* between the time the contributions went into your account and the end of the financial year.

If you changed investment options during the year, your investment returns would differ from the returns shown in this Annual Report because they would be based on the changes in the unit prices of each option for the period you were invested.

YOUR NGS SUPER ACCUMULATION ACCOUNT

All the contributions you or your employer make, as well as any amounts you transfer from another super fund, are placed into your *Accumulation account*.

The money in your account is then invested according to the investment option(s) you've chosen. Each time we receive a contribution, we allocate units to your account at the current unit price, so your account balance increases or decreases according to the combined performance of the underlying assets.

We deduct government taxes and member fees from your account, as well as insurance premiums if you have insurance cover.

EARNINGS ON INVESTMENT OPTIONS

An *NGS Income account* provides the benefit of tax-free investment earnings (as it is in the *retirement phase*⁴), while the *NGS Accumulation account* and *NGS Transition to Retirement (TTR) account* both have earnings taxed at up to 15%. As a result, the investment returns (shown on pages 11 to 16) for the *NGS Income account* will differ from the *NGS Accumulation and TTR account* returns.

Where investment returns are positive, earnings on the *NGS Income account* will generally be higher than earnings on the equivalent investment option for the *NGS Accumulation account* and *TTR account*, as no tax is deducted from the gross earnings on the *NGS Income account*.

We changed from weekly unit pricing to daily unit pricing on 23 November 2020. Further details are available on our website at ngssuper.com.au/articles/news/daily-unit-pricing

⁴ A transfer balance cap (currently \$1.6m) applies on the amount of super you can transfer into the retirement (pension) phase. This applies as a total across all your super accounts and not per fund.

How we invest your money

FEES AND COSTS

Indirect costs and investment fees are deducted from investment earnings before the unit price is determined. They are not a direct charge to your account.

The investment fees and indirect costs listed below represent the actual costs for 2019/20 for each investment option.

Information on fees and costs can be found in our fact sheet **Fees, costs and tax** available on our website at ngssuper.com.au/PDS

	Investment option – Accumulation and Transition to Retirement accounts	Investment fees			Indirect costs	Property operating costs (not included in total)	Borrowing costs (not included in total)
		Management fees	Performance fees	Total investment fees ⁵	Total indirect costs ⁵		
PRE-MIXED	Diversified (MySuper)	0.56%	0.06%	0.62%	0.15%	0.12%	0.03%
	High Growth	0.55%	0.07%	0.62%	0.18%	0.07%	0.02%
	Balanced	0.46%	0.05%	0.51%	0.12%	0.14%	0.03%
	Defensive	0.44%	0.04%	0.48%	0.11%	0.21%	0.05%
	Socially Responsible Diversified	0.67%	0.04%	0.71%	0.19%	0.11%	0.03%
	Indexed Growth	0.06%	0.00%	0.06%	0.03%	0.00%	0.00%
	Shares Plus	0.56%	0.03%	0.59%	0.21%	0.00%	0.00%
SECTOR-SPECIFIC	Australian Shares	0.49%	0.06%	0.55%	0.27%	0.00%	0.00%
	International Shares	0.59%	0.00%	0.59%	0.15%	0.00%	0.00%
	Infrastructure	0.35%	0.22%	0.57%	0.10%	0.00%	0.01%
	Property	0.55%	0.01%	0.56%	0.12%	1.15%	0.25%
	Diversified Bonds	0.34%	0.00%	0.34%	0.09%	0.00%	0.00%
	Cash and Term Deposits	0.05%	0.00%	0.05%	0.00%	0.00%	0.00%

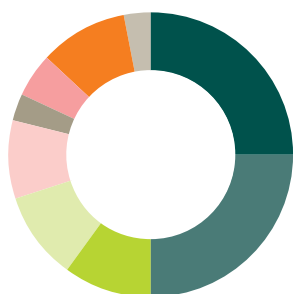
	Investment option – Income account	Investment fees			Indirect costs	Property operating costs (not included in total)	Borrowing costs (not included in total)
		Management fees	Performance fees	Total investment fees ⁵	Total indirect costs ⁵		
PRE-MIXED	Moderate Growth	0.51%	0.04%	0.55%	0.12%	0.12%	0.03%
	Diversified	0.57%	0.04%	0.61%	0.13%	0.12%	0.03%
	High Growth	0.57%	0.05%	0.62%	0.15%	0.07%	0.02%
	Balanced	0.46%	0.04%	0.50%	0.11%	0.14%	0.03%
	Defensive	0.45%	0.04%	0.49%	0.10%	0.21%	0.05%
	Socially Responsible Diversified	0.59%	0.04%	0.63%	0.19%	0.11%	0.03%
	Indexed Growth	0.06%	0.00%	0.06%	0.03%	0.00%	0.00%
	Retire Plus	0.52%	0.07%	0.59%	0.12%	0.29%	0.07%
	Shares Plus	0.58%	0.00%	0.58%	0.16%	0.00%	0.00%
SECTOR-SPECIFIC	Australian Shares	0.54%	0.00%	0.54%	0.16%	0.00%	0.00%
	International Shares	0.59%	0.00%	0.59%	0.15%	0.00%	0.00%
	Infrastructure	0.42%	0.22%	0.64%	0.10%	0.00%	0.01%
	Property	0.55%	0.01%	0.56%	0.12%	1.15%	0.25%
	Diversified Bonds	0.36%	0.00%	0.36%	0.09%	0.00%	0.00%
	Cash and Term Deposits	0.05%	0.00%	0.05%	0.00%	0.00%	0.00%

⁵ There may be a slight variance in the totals due to rounding.

INVESTMENT OPTIONS



DIVERSIFIED (MYSUPER)

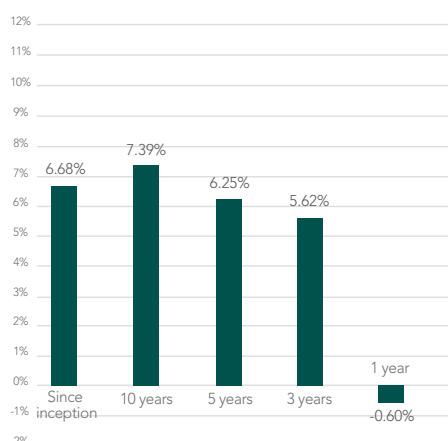


STRATEGIC ASSET ALLOCATION

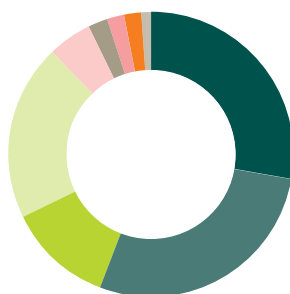
Australian shares	25%
International shares	25%
Infrastructure	10%
Growth alternatives	10%
Property	9%
Bond alternatives	3%
Corporate bonds	5%
Government bonds	10%
Cash and Term deposits	3%
Total growth assets	71%
Total defensive assets	29%
Foreign currency exposure	15%

Investment objective is to achieve a net return 3% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:
At least ten years.



HIGH GROWTH

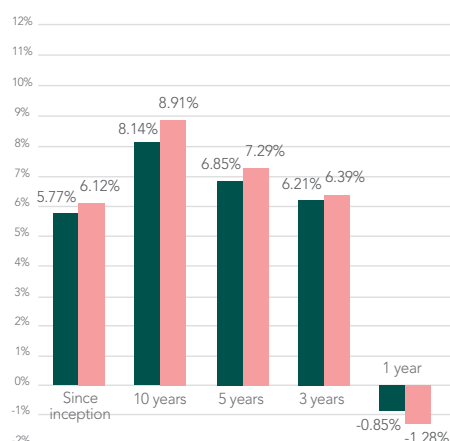


STRATEGIC ASSET ALLOCATION

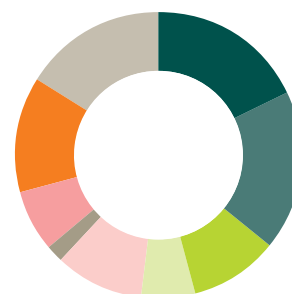
Australian shares	28%
International shares	28%
Infrastructure	12%
Growth alternatives	20%
Property	5%
Bond alternatives	2%
Corporate bonds	2%
Government bonds	2%
Cash and Term deposits	1%
Total growth assets	85.5%
Total defensive assets	14.5%
Foreign currency exposure	20%

Investment objective is to achieve a net return 4% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:
At least ten years.



BALANCED

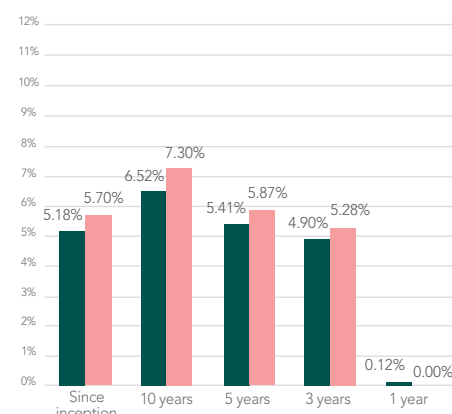


STRATEGIC ASSET ALLOCATION

Australian shares	18%
International shares	18%
Infrastructure	10%
Growth alternatives	6%
Property	10%
Bond alternatives	2%
Corporate bonds	7%
Government bonds	13%
Cash and Term deposits	16%
Total growth assets	53%
Total defensive assets	47%
Foreign currency exposure	9%

Investment objective is to achieve a net return 2% above CPI per annum over rolling three year periods.

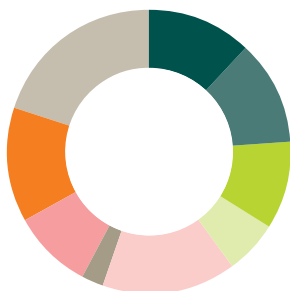
Minimum investment timeframe:
At least seven years.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

Investment options at 30 June 2020 – Asset allocation and investment performance

DEFENSIVE



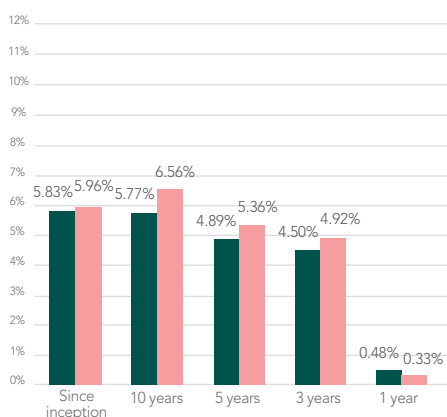
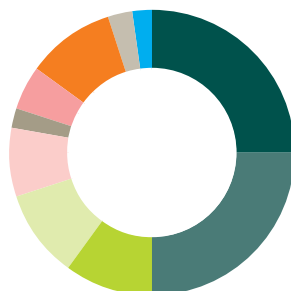
STRATEGIC ASSET ALLOCATION

Australian shares	12%
International shares	12%
Infrastructure	10%
Growth alternatives	6%
Property	15.5%
Bond alternatives	2.5%
Corporate bonds	9%
Government bonds	13%
Cash and Term deposits	20%
Total growth assets	44%
Total defensive assets	56%
Foreign currency exposure	7%

Investment objective is to achieve a net return 1% above CPI per annum over rolling three year periods.

Minimum investment timeframe:

At least five years.


SOCIALLY RESPONSIBLE
DIVERSIFIED


STRATEGIC ASSET ALLOCATION

Australian shares	25%
International shares	25%
Infrastructure	10%
Growth alternatives	10%
Property	8%
Bond alternatives	2%
Corporate bonds	5%
Government bonds	10%
Cash and Term deposits	3%
Social impact bonds	2%
Total growth assets	70%
Total defensive assets	30%
Foreign currency exposure	15%

Investment objective is to achieve a net return 3% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:

At least ten years.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

INDEXED GROWTH



STRATEGIC ASSET ALLOCATION

Australian shares	27.5%
International shares	27.5%
Listed property	9%
Listed infrastructure	9%
Growth alternatives	0%
Bond alternatives	0%
Corporate bonds	0%
Government bonds	22%
Cash and Term deposits	5%
Total growth assets	73%
Total defensive assets	27%
Foreign currency exposure	18%

SHARES PLUS



STRATEGIC ASSET ALLOCATION

Australian shares	49.5%
International shares	49.5%
Growth alternatives	0%
Cash and Term deposits	1%
Total growth assets	99%
Total defensive assets	1%
Foreign currency exposure	20%

Investment objective is to achieve a net return 3% above CPI per annum over rolling ten year periods.

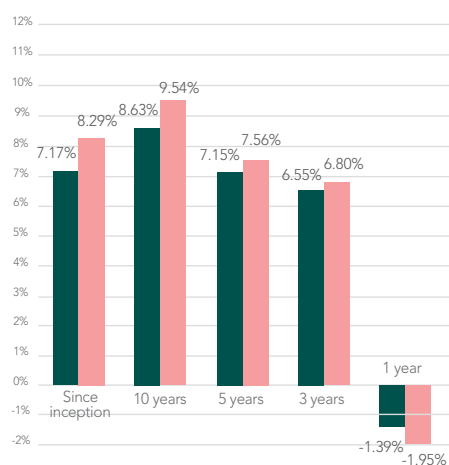
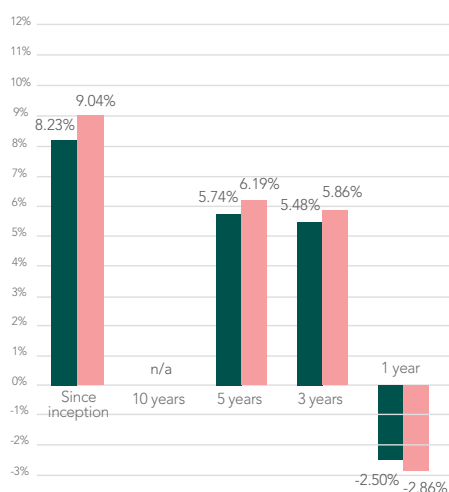
Minimum investment timeframe:

At least ten years.

Investment objective is to achieve a net return 4% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:

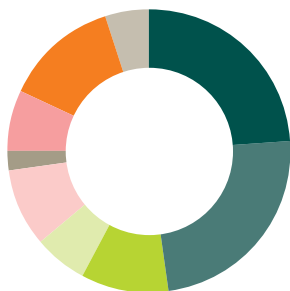
At least ten years.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

Investment options at 30 June 2020 – Asset allocation and investment performance

MODERATE GROWTH

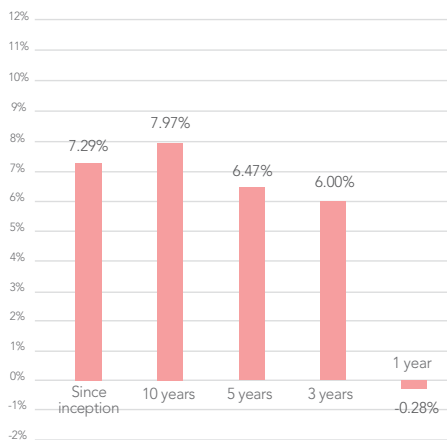


STRATEGIC ASSET ALLOCATION

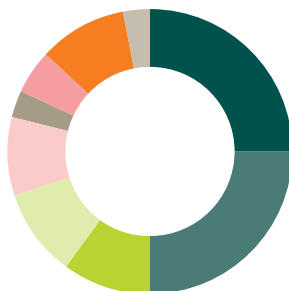
Australian shares	24%
International shares	24%
Infrastructure	10%
Growth alternatives	6%
Property	9%
Bond alternatives	2%
Corporate bonds	7%
Government bonds	13%
Cash and Term deposits	5%
Total growth assets	64.5%
Total defensive assets	35.5%
Foreign currency exposure	14%

Investment objective is to achieve a net return 3% above CPI per annum over rolling five year periods.

Minimum investment timeframe:
At least ten years.



DIVERSIFIED

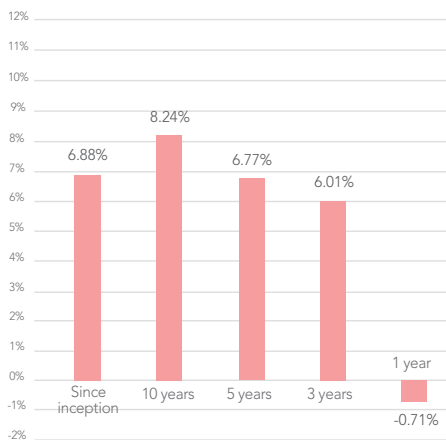


STRATEGIC ASSET ALLOCATION

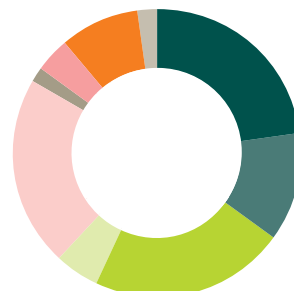
Australian shares	25%
International shares	25%
Infrastructure	10%
Growth alternatives	10%
Property	9%
Bond alternatives	3%
Corporate bonds	5%
Government bonds	10%
Cash and Term deposits	3%
Total growth assets	71%
Total defensive assets	29%
Foreign currency exposure	15%

Investment objective is to achieve a net return 3% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:
At least ten years.



RETIRE PLUS

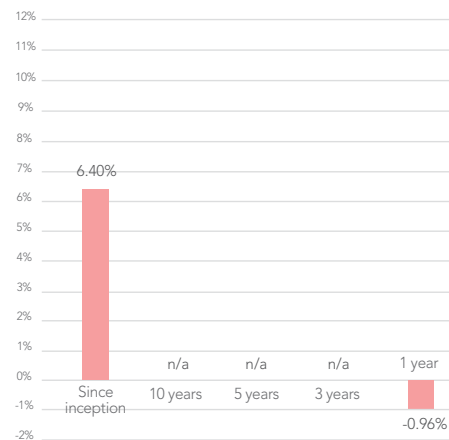


STRATEGIC ASSET ALLOCATION

Australian shares	23%
International shares	12%
Infrastructure	22%
Growth alternatives	5%
Property	21.5%
Bond alternatives	1.5%
Corporate bonds	4%
Government bonds	9%
Cash and Term deposits	2%
Total growth assets	62.5%
Total defensive assets	37.5%
Foreign currency exposure	9%

Investment objective is to achieve a net return 4% above CPI per annum over rolling ten year periods.

Minimum investment timeframe:
At least five to seven years.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

AUSTRALIAN SHARES



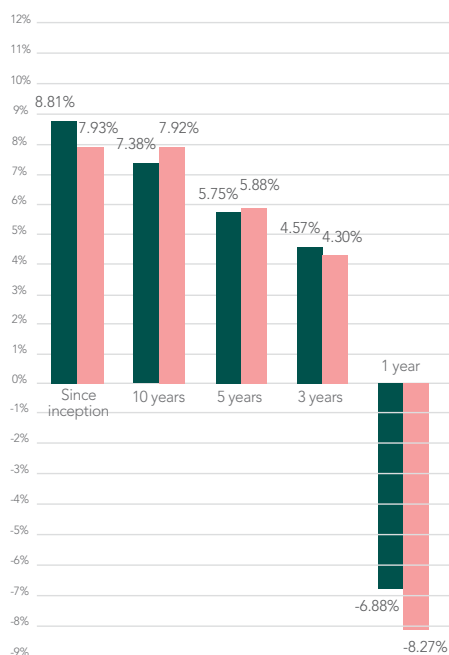
STRATEGIC ASSET ALLOCATION

Australian shares	100%
Cash and Term deposits	0%
Total growth assets	100%
Total defensive assets	0%
Foreign currency exposure	0%

Investment objective is to achieve a net return 1% per annum above ASX300 Accumulation Index over rolling ten year periods.

Minimum investment timeframe:

At least ten years.



INTERNATIONAL SHARES



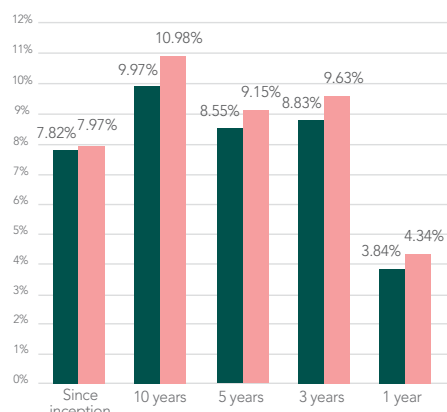
STRATEGIC ASSET ALLOCATION

International shares	100%
Cash and Term deposits	0%
Total growth assets	100%
Total defensive assets	0%
Foreign currency exposure	100%

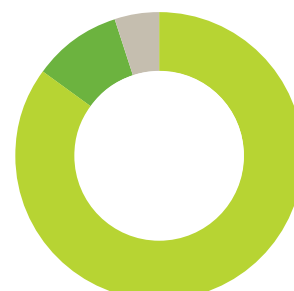
Investment objective is to achieve a net return 1% above MSCI All Countries World Index (ACWI) in \$A (net dividends) over rolling ten year periods.

Minimum investment timeframe:

At least ten years.



INFRASTRUCTURE



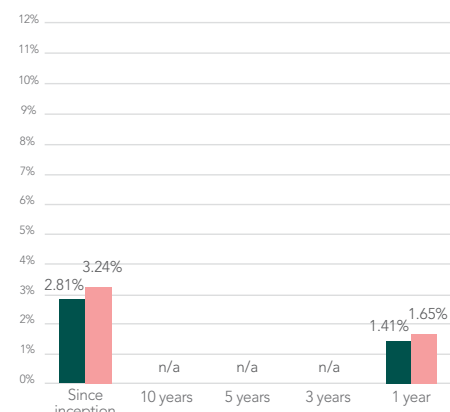
STRATEGIC ASSET ALLOCATION

Unlisted infrastructure	85%
Listed infrastructure	10%
Cash and Term deposits	5%
Total growth assets	52.5%
Total defensive assets	47.5%
Foreign currency exposure	0%

Investment objective is to achieve a net return 3% above CPI per annum over rolling five year periods.

Minimum investment timeframe:

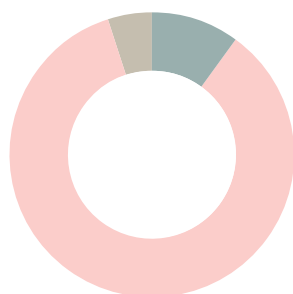
At least ten years.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

Investment options at 30 June 2020 – Asset allocation and investment performance

PROPERTY



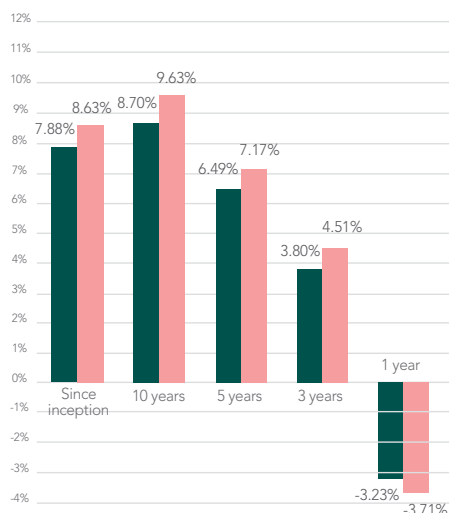
STRATEGIC ASSET ALLOCATION

Listed property	10%
Property	85%
Cash and Term deposits	5%
Total growth assets	52.5%
Total defensive assets	47.5%
Foreign currency exposure	0%

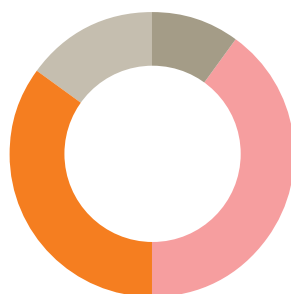
Investment objective is to achieve a net return 3% above CPI per annum over rolling five year periods.

Minimum investment timeframe:

At least ten years.



DIVERSIFIED BONDS



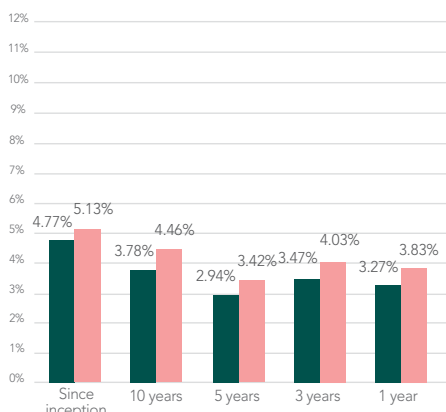
STRATEGIC ASSET ALLOCATION

Bond alternatives	10%
Corporate bonds	40%
Government bonds	35%
Cash and Term deposits	15%
Total growth assets	5%
Total defensive assets	95%
Foreign currency exposure	0%

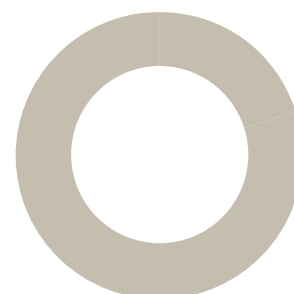
Investment objective is to achieve a net return 1% above CPI per annum over rolling three year periods.

Minimum investment timeframe:

At least three years.



CASH AND TERM DEPOSITS



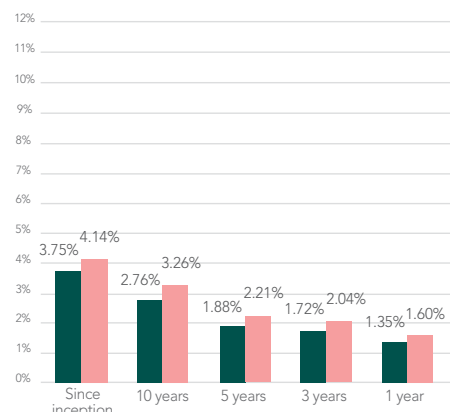
STRATEGIC ASSET ALLOCATION

Cash and Term deposits	100%
Total growth assets	0%
Total defensive assets	100%
Foreign currency exposure	0%

Investment objective is to achieve a net return. To achieve positive returns in all monthly periods.

Minimum investment timeframe:

At least one year.



Key: ■ Accumulation and Transition to Retirement accounts ■ Income account

INVESTMENT MANAGER ALLOCATION

INVESTMENT MANAGER	PERCENTAGE OF TOTAL ASSETS	
	as at 30 June 2020	as at 30 June 2019
Alcentra Ltd	0.87%	0.88%
Alceon Group Pty Ltd	0.06%	0.00%
Allan Gray Australia Pty Ltd	2.12%	1.12%
AllianceBernstein Investment Management Australia Limited	1.80%	1.44%
AMP Capital Investors Limited	0.30%	1.26%
Amundi Asset Management	1.03%	0.99%
Antipodes Partners Limited	3.77%	3.15%
ARDIAN France	0.45%	0.00%
Bank of Australia	0.00%	0.47%
Bankwest	0.00%	0.18%
Bell Asset Management Limited	4.51%	4.51%
Bentham Asset Management	0.00%	0.55%
Beyond Bank Australia	0.10%	0.23%
BlackRock Financial Management, Inc	0.00%	0.22%
Campus Living Villages Pty Ltd	0.39%	0.39%
ClariVest Asset Management LLC	0.74%	0.95%
Challenger Investment Solutions	0.09%	0.00%
Colonial First State Global Asset Management	3.27%	3.15%
Commonwealth Bank of Australia	0.03%	0.00%
Continuity Capital Partners Limited	0.01%	0.01%
Cooper Investors Pty Ltd	0.00%	4.55%
Credit Union Australia Limited	0.97%	0.51%
EQT Fund Management	0.79%	0.18%
Ethical Partners Fund Management	2.66%	2.11%
Fermat Capital Management LLC	0.84%	0.78%
Fife Capital Group Pty Limited	4.48%	4.28%
Firetrail Investment Pty Limited	1.80%	0.96%
Franklin Templeton Investments Australia Limited	0.00%	0.00%
Gardior Pty Ltd	1.06%	1.03%
General Atlantic Investment Partners	0.04%	0.00%
Global Evolution Fondsmæglerselskab A/S	1.21%	0.92%
Godrej Fund Management PVT Ltd	0.88%	0.91%
GPT Fund Management Limited	0.63%	0.81%
Graham Capital Management, L.P.	0.42%	0.00%
HarbourVest Partners, LLC	0.00%	0.17%
Heritage Bank Limited	0.00%	0.57%
IMB Bank	0.34%	0.50%
Industry Funds Management Pty Ltd	4.35%	3.58%
Industry Super Holdings Pty Ltd	0.03%	0.03%
Infrastructure Capital Group Limited	0.15%	0.14%
Invesco Australia Ltd	0.75%	0.35%
Investa Wholesale Funds Management Limited	0.00%	0.06%
Investor Mutual Limited	3.02%	3.54%
ISPT Pty Ltd	0.00%	0.00%
Janus Henderson Investors (Australia) Limited	0.09%	0.26%

Investment manager allocation

INVESTMENT MANAGER	PERCENTAGE OF TOTAL ASSETS	
	as at 30 June 2020	as at 30 June 2019
Kapstream Capital	4.10%	3.82%
La Francaise Investment Solutions	0.72%	0.99%
Legg Mason Australia	1.24%	1.21%
Lend Lease Investment Management	1.95%	2.44%
Lennox Capital Partners	1.19%	0.94%
LGT Capital Partners	0.13%	0.07%
Macquarie Investment Management	10.10%	5.62%
Madison Realty Capital	0.08%	0.00%
Maj Invest Asset Management	4.24%	3.95%
ME Portfolio Management Limited	0.00%	0.02%
Members Equity Bank Limited	0.26%	1.03%
Monroe Capital LLC	1.37%	1.06%
Morgan Stanley Investment management	5.22%	4.36%
Morrison & Co Utilities Management Pty Ltd	1.11%	1.13%
National Australia Bank Limited	0.31%	0.44%
Neuberger Berman	0.71%	0.36%
Newbury Partners LLC	0.02%	0.02%
Newcastle Permanent Building Society Ltd	0.00%	0.89%
Oaktree Capital Management	0.01%	0.05%
Pantheon Ventures Limited	0.00%	0.00%
PIMCO Investor Services	0.00%	0.43%
Police & Nurses Limited (P&N Bank)	0.18%	0.36%
Potentia Capital VCLP	0.02%	0.00%
QIC Limited	1.59%	0.65%
Qiming Venture Partners	2.06%	1.46%
RACQ Bank	0.15%	0.20%
Resolution Life Group Services Limited	0.24%	0.00%
ROC Capital Pty Limited	0.03%	0.10%
Shubh Properties Coöperatief U.A.	0.13%	0.26%
Sigular Guff & Company LLC	0.65%	0.65%
Social Ventures Australia Limited	0.02%	0.04%
Solaris Investment Management Limited	3.06%	0.86%
SouthPeak Investment Management Pty Limited	0.41%	0.48%
Stafford Capital Partners Pty Ltd	0.06%	0.08%
Standard Life Investment Limited	1.85%	1.33%
State Street Australia Limited	0.07%	0.27%
State Street Global Advisors	2.44%	5.54%
Stewart Investors	0.74%	1.83%
Teachers Mutual Bank	0.09%	0.27%
Ubique Australian Share Fund	0.00%	0.80%
Uniting Ethical Investors Limited	0.09%	0.12%
ValueInvest Asset Management	4.13%	4.44%
Vanguard Investments Australia Limited	0.00%	0.10%
Vinva Investment Management	2.72%	0.87%
Westpac Banking Corporation	1.15%	1.60%
Wilshire International	0.03%	0.03%
Yarra Capital Management	1.28%	3.09%
TOTAL	100.00%	100.00%

Please note:

This is a snapshot of the Fund's investments at 30 June 2020. The investment managers and the percentages invested will change throughout the year.

Balances held with each investment manager have been rounded to 2 decimal places. For some options the holdings are very small and will appear as 0.00%

THE NGS SUPER TRUSTEE BOARD

YOUR TRUSTEE BOARD AS AT 30 JUNE 2020

NGS Super is governed on behalf of its members by a corporate trustee, **NGS Super Pty Limited (ABN 46 003 491 487)**, which is structured on a model of equal representation by employer and member Trustee Directors. The Trustee Directors represent the interests of all members and are responsible for making decisions on the strategic management of the Fund.

Further information about the Trustee Directors is available on our website at ngssuper.com.au/policies under the **Trustee tab**.

Member Representatives



Dick Shearman
(Chair)

Appointed by the
NSW/ACT IEU



Terry Burke

Appointed by the
IEU QLD



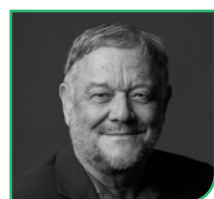
Cathryn Hickey

Appointed by the
IEU VIC/TAS



Margaret Sansom

Appointed by the
IEU (SA)



Glen Seidel

Appointed by the
IEU (SA)



Gloria Taylor¹

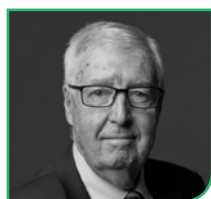
Appointed by the
NSW/ACT IEU



Christine Wilkinson

Appointed by the
NSW/ACT IEU

Employer Representatives



Geoff Newcombe²
(Deputy Chair)

Appointed by the
AIS NSW



David Buley

Appointed by the
AIS NSW



Michelene Collopy³

Appointed by the Roman
Catholic Province of Sydney



Kathy Dickson

Appointed by the
AIS NSW



Patrick Ponting

Appointed by ACSEA



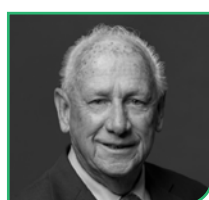
Georgina Smith

Appointed by the
SA Commission for
Catholic Schools



Wendy Wills

Appointed by the
AIS SA



Peter Fogarty⁴

Appointed by the
AIS NSW

The composition of the Board is determined by the Constitution of the Trustee, which outlines the power of:

- the shareholders; and
- appointing entities

to appoint and remove Trustee directors to the Board. The Trustee's Constitution is available on our website at ngssuper.com.au/policies under the **Governance tab**.

THE SHAREHOLDERS

The shareholders are:

- the Association of Independent Schools (AIS) NSW and SA
- the Roman Catholic Province of Sydney
- the SA Commission for Catholic Schools; and
- the Independent Education Unions (IEU) NSW/ACT, SA and VIC/TAS.

THE APPOINTING ENTITIES

The appointing entities are:

- Australian Community Services Employers' Association, Union of Employers (ACSEA); and
- the Independent Education Union (IEU) QLD.

¹ Retired 23/6/2020. John Quessy was appointed as a Director by the NSW/ACT IEU effective 1 July 2020.

² Deputy Chair from 31 July 2019.

³ Appointed 26/08/2019.

⁴ Deputy Chair until 30/07/2019. Resigned 30/07/2019.

ABRIDGED FINANCIAL STATEMENTS 2020

STATEMENT OF FINANCIAL POSITION	30/06/2020 \$'000	30/06/2019 \$'000
ASSETS		
Cash and cash equivalents	12,430	23,585
Receivables	59,713	108,878
Investments	11,562,844	11,521,471
Other Assets	4,933	1,216
TOTAL ASSETS	11,639,920	11,655,150
LIABILITIES		
Creditors and accruals	65,590	65,144
Current tax liabilities	28,988	18,742
Deferred tax liabilities	83,349	145,598
TOTAL LIABILITIES	177,927	229,484
NET ASSETS AVAILABLE FOR MEMBER BENEFITS	11,461,993	11,425,666
MEMBER BENEFITS		
Defined contribution member liabilities	11,285,144	11,243,356
Defined benefit member liabilities	77,525	82,804
TOTAL MEMBER BENEFITS	11,362,669	11,326,160
NET ASSETS	99,324	99,506
EQUITY		
Trustee operating reserve	33,042	29,969
Operational risk reserve	32,559	30,434
Defined Benefit surplus	11,634	15,513
Unallocated surplus	22,089	23,590
TOTAL EQUITY	99,324	99,506

The above information has been extracted from audited financial statements. A copy of the full audited financial statements may be obtained from the Trustee Office.

INCOME STATEMENT	30/06/2020 \$'000	30/06/2019 \$'000
REVENUE FROM SUPERANNUATION ACTIVITIES		
Interest	255	540
Investment income	454,562	416,939
Net gains/(losses) on assets measured at fair value	(522,658)	338,686
Sundry income	1,720	1,720
TOTAL SUPERANNUATION ACTIVITIES REVENUE	(66,121)	757,885
EXPENSES		
Direct investment expenses	(40,289)	(30,365)
Indirect investment expenses	(12,505)	(9,680)
Administration expenses	(19,811)	(22,499)
Other expenses	(1,223)	(1,285)
TOTAL EXPENSES	(73,828)	(63,829)
RESULTS FROM SUPERANNUATION ACTIVITIES		
BEFORE INCOME TAX	(139,949)	694,056
Income tax expense/(benefit)	(46,004)	28,056
RESULTS FROM SUPERANNUATION ACTIVITIES AFTER INCOME TAX	(93,945)	666,000
ALLOCATION TO MEMBER BENEFITS		
Net benefits allocated to defined contribution (DC) member accounts	52,345	(666,636)
Net benefits allocated to defined benefit (DB) member liabilities	6,127	(14,599)
TOTAL ALLOCATION TO MEMBER BENEFITS	58,472	(681,235)
NET OPERATING RESULT	(35,473)	(15,235)

The above information has been extracted from audited financial statements. A copy of the full audited financial statements may be obtained from the Trustee Office.

Abridged financial statements as at 30 June 2020

STATEMENT OF CHANGES IN MEMBER BENEFITS	30/06/2020 \$'000	30/06/2019 \$'000
Liability for accrued benefits beginning of period	11,326,160	8,893,766
CONTRIBUTION REVENUE		
Employer contributions	556,336	457,440
Member contributions	151,440	124,606
Government co-contributions	674	580
Transfers in	284,619	237,484
Successor Fund Transfer in – QIEC Super	–	1,611,874
Income tax on contributions	(81,307)	(71,862)
Net after tax contributions	911,762	2,360,122
BENEFITS PAID		
Rollovers	(436,050)	(344,075)
Cash benefits paid	(198,518)	(118,030)
Pensions paid	(124,456)	(106,326)
Anti-detriment deduction	–	78
Net benefits paid	(759,024)	(568,353)
INSURANCE		
Insurance premiums charged to members' accounts	(56,042)	(50,805)
Claims credited to members' accounts	25,210	26,181
Tax benefit on insurance premiums	8,406	7,621
Net Insurance (cost)/benefit	(22,426)	(17,003)
INCOME AND EXPENSES		
Investment earnings/(losses) applied to members	(52,345)	666,636
Net change in defined benefit member accrued benefits	(6,127)	14,599
Fees paid by members	(35,331)	(23,607)
Net income/(expenses)	(93,803)	657,628
Liability for accrued benefits end of period	11,362,669	11,326,160

The above information has been extracted from audited financial statements. A copy of the full audited financial statements may be obtained from the Trustee Office.

RESERVES

The Trustee maintains a Trustee Operating Reserve and an Operational Risk Reserve. The Trustee's Reserving Policy governs the amount, use, investment, monitoring and review of the reserves in accordance with superannuation law. The reserve accounts are invested across a number of NGS Super investment options.

The Trustee Operating Reserve is used to meet the operating costs of running the Fund, including investment in initiatives aimed at improving operational efficiencies or introducing new products and services for members. The reserve is funded by fees and other costs and investment earnings.

The Operational Risk Reserve is used to protect members against costs which may arise from operational risk events. The reserve is funded by retaining a small portion of the fees charged to members together with investment earnings.

The Trustee sets the reserve levels based on the anticipated operating expenses of the Fund and an allowance for contingent liabilities. The total reserve at 30 June 2020 was \$65.60 million or 0.57% of assets under management. The levels of reserves for 30 June 2020 and preceding years are shown below:

As at 30 June	\$M	% of assets
2020	\$65.60	0.57
2019	\$60.40	0.53
2018	\$49.71	0.55

THINGS YOU NEED TO KNOW

PROVIDING FEEDBACK OR MAKING A COMPLAINT

If you are dissatisfied with us, we would like you to let us know as soon as possible so that we can work to resolve your enquiry or complaint quickly. Contact us on **1300 133 177** or online at ngssuper.com.au/contact-us. You can also request a copy of our complaints process.

If we have not responded to your complaint within the timeframe prescribed in our [complaints process](#) or you are not satisfied with our decision, you may be able to take the matter to the Australian Financial Complaints Authority (AFCA) at afca.org.au or on **1800 931 678**.

Internal complaints contact	External complaints contact
NGS Super Complaints Officer Mail: PO Box 21236 World Square NSW 2002 Phone: 1300 133 177 8am – 8pm (AEST/AEDT) weekdays Overseas: +61 3 8687 1818 Online: ngssuper.com.au/contact-us	Australian Financial Complaints Authority (AFCA) Mail: GPO Box 3 Melbourne VIC 3001 Phone: 1800 931 678 (free call) Email: info@afca.org.au Online: afca.org.au

Time limits may apply to complain to AFCA and so you should act promptly or otherwise consult the AFCA website to find out if or when the time limit relevant to your circumstances expires.

A copy of NGS Super's **Complaint and dispute resolution process** is available at ngssuper.com.au/complaints or by contacting us on **1300 133 177** or by emailing ngsadminteam@ngssuper.com.au

ELIGIBLE ROLLOVER FUND (ERF)

AUSfund is an ERF into which lost members or members with small inactive accounts could be transferred. Circumstances where your benefit may be transferred to AUSfund include where you receive a Tax File Number refund on exit.

If your account is transferred to AUSfund, you'll no longer be a member of NGS Super and any insurance cover you had with us will cease. Different fees and costs will also apply to your AUSfund account.

AUSfund contact details
Mail: AUSfund Locked Bag 5132 Parramatta NSW 2124 Phone: 1300 361 798 Email: admin@ausfund.net.au Online: ausfund.net.au

TRANSFER TO THE AUSTRALIAN TAX OFFICE (ATO)

By law, NGS Super must transfer member balances to the ATO if your account meets the following:

ATO exit type	Definition – if you have
Lost member	<ul style="list-style-type: none">▪ two returned mail items; and▪ a balance less than \$6,000 at 30 June or 31 December.
Inactive member	<ul style="list-style-type: none">▪ no contributions for five years; and▪ no contact with NGS for five years.
Over age 65	<ul style="list-style-type: none">▪ no contributions for two years; and▪ no contact with NGS for five years.
Inactive low balance (from 30 June 2019)	<ul style="list-style-type: none">▪ a balance less than \$6,000 at 30 June or 31 December; and▪ no insurance on your account; and▪ not a defined benefit account; and▪ in the last 16 months not:<ul style="list-style-type: none">- received a contribution or a rollin; or- added or updated a binding beneficiary nomination; or- made changes to your investment strategy; or- had an asset switch; or- requested to change your insurance. <p>You can request that your account is not treated as an Inactive low balance account (for 16 months only) by completing the ATO form available at ngssuper.com.au/keepsuper</p>
Temporary resident	<ul style="list-style-type: none">▪ you are a former temporary resident, and▪ it has been more than six months since you departed Australia, and▪ your visa has expired or been cancelled. <p>The Trustee relies on relief from ASIC to the effect that it is not obliged to notify or give an exit statement to a non-resident in the above circumstances.</p>

Once your money has been transferred, you will need to contact the ATO to claim your benefit. For more information visit ato.gov.au

FUND CHANGES FOR 2019/2020

During the 2019/20 financial year we made several changes to the Fund. Members were notified about these changes in Significant Event Notices and you can find more information about each of these at ngssuper.com.au/sen

NGS SUPER'S GOVERNANCE FRAMEWORK

The Trustee is committed to ensuring that the Fund has sound and effective systems of governance and that it conducts its affairs with a high degree of integrity, ensuring that business operations are competently and prudentially managed.

The governance framework includes the oversight of systems, structures, policies, processes and people that underpin accountability within the business operations of NGS Super.

Information relating to the Fund's Governance Framework including its key policies is available on the Fund's website at ngssuper.com.au/policies under the **Governance tab**.

NGS SUPER DERIVATIVES POLICY

The Trustee has adopted an appropriate risk management strategy that permits investment managers to use futures, options and other derivative instruments to assist with the effective management of the portfolio of assets.

TRUSTEE LIABILITY INSURANCE

NGS Super has indemnity insurance to protect the Trustee, its directors and the Fund from the financial effects of any 'honest mistakes' that may occur in the day-to-day management of the Fund.



OUR OFFICES

NGS SUPER TRUSTEE OFFICE (NSW)

Level 4, 14 Martin Place
Sydney NSW 2000

Postal address:

PO Box 21236
World Square NSW 2002

QUEENSLAND OFFICE

Level 6, 157 Ann Street
Brisbane QLD 4000

SOUTH AUSTRALIA OFFICE

Level 1, 431-439 King William Street
Adelaide SA 5000

VICTORIA OFFICE

Level 5, 737 Burwood Road
Hawthorn VIC 3122

IMPORTANT INFORMATION

The information provided in this document is general information only and does not take into account your objectives, financial situation or needs. Before making a financial decision, please assess the appropriateness of the information to your individual circumstances and consider seeking professional advice. Past performance is not a reliable indicator of future performance.

NGS Financial Planning Pty Ltd, ABN 89 134 620 518, is a corporate authorised representative #394909 of Guideway Financial Services Pty Ltd, ABN 46 156 498 538, AFSL #420367 and offers financial planning services on behalf of NGS Super ABN 73 549 180 515.

Issued by NGS Super Pty Limited ABN 46 003 491 487 AFSL No 233 154 the trustee of NGS Super ABN 73 549 180 515.

CONTACT DETAILS

CONTACT US

You can contact us at:

ngssuper.com.au/contact-us

call us on **1300 133 177**

between 8.00am and 8.00pm

(AEST or AEDT), Monday to Friday.

Phone number for callers outside

Australia **+61 3 8687 1818**

Fax: **(03) 9245 5827**

Postal address:

GPO Box 4303

MELBOURNE VIC 3001

NGS FINANCIAL PLANNING

To make an appointment phone

our Helpline on **1300 133 177** or

complete the **Financial planning**

enquiry form on our website at

ngssuper.com.au/financial-planning

AWARDS



For further information about the methodology used by Chant West, see chantwest.com.au

Chant West has given its consent to the inclusion in this Annual Report of the references to Chant

West and the inclusion of the logos and ratings provided by Chant West in the form and context in which they are included.



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