

Annual Report 2023



For the people who
keep Australia moving



Acknowledgement of country

TWUSUPER acknowledges and recognises the Traditional Custodians of the lands on which we live and work. We pay our respects to Elders, past, present and emerging, and we extend this acknowledgement to all Aboriginal and Torres Strait Islander peoples.

Our Melbourne head office is located on the land of the Wurundjeri people of the Kulin nation.

Contents

- 2** Welcome
- 4** Who we are
- 5** The 2023 financial year in review
- 6** Responsible investment
- 8** Representing member interests
- 9** Our insurance strategy and claims philosophy
- 10** Investment information
- 15** Investment performance
- 17** Financial statements (abridged)
- 19** Service providers and investment managers
- 20** What you need to know about the Fund
- 22** How we manage your super

Welcome

A message from our Chair and CEO

On behalf of the TWUSUPER Board and Executive team, we're pleased to present this year's annual report for the financial year ending 30 June 2023. We invite you to read this report alongside information on the TWUSUPER website.

In 1984, the Transport Workers' Union and Australian Road Transport Industrial Organisation established this industry super fund for all the people who keep Australia moving. In 2023, almost forty years later, TWUSUPER is still the super fund created for and by the transport industry, tailored to its needs, run only to benefit members and with a focus on the future.

Our transport industry membership isn't just made up of drivers, it also includes flight attendants and pilots, waste and recycling workers, refrigeration workers, refuellers and even on-demand gig workers. These occupations are considered dangerous for insurance purposes and most super funds won't provide cover for them. We offer insurance that's tailored to the needs of transport workers across all industries.

Over the last year, we approved \$14.8 million in Death benefits to be paid to our member's families (including \$4.4 million in insurance payments). We also approved \$35 million in Total and Permanent Disablement benefits to be paid to members (including \$17.5 million in insurance payments). Many of these claims would not have been covered by other funds.

Solid investment performance

After a year of financial challenges for many of our members, we're happy to note that our investment return for the Balanced (MySuper) option, the option most of our members are invested in, has achieved a great result of 9.14% outperforming some of the larger funds in the process. This result builds on a strong average return of 8.11% over the last three years and is the culmination of a rigorous and diverse investment approach designed to withstand market fluctuations.

Along with a great return, it comes as no surprise that once again our Balanced (MySuper) option passed the Australian Prudential Regulation Authority (APRA) superannuation performance test. The test assesses the long-term performance of super products against specific benchmarks with the intention of improving member outcomes and imposing harsh penalties on funds that fail the test.

Key superannuation changes

There were some notable legislation changes that came into effect on 1 July 2022.

In line with the Federal Government's schedule of increases, the Superannuation Guarantee (SG) rate increased from 10% to 10.5% on 1 July 2022 giving members a boost to their accumulation account balances. On 1 July 2023 this figure increased to 11%.

The \$450 monthly income threshold for SG contributions was removed, which was a welcome change for seasonal and gig workers who will start to see an improvement in their outlook for retirement.

There were changes for those downsizing their home too. The eligibility age for making downsizer contributions into super was reduced from 65 years to 60. Subject to the eligibility criteria, people aged 60 and above could make contributions of up to \$300,000 per person or \$600,000 per couple into their super account(s) from the sale of their home.



TWUSUPER and Mine Super move forward on merger plans

Over the past year, we have been in merger discussions with Mine Super with the aim of creating a fund of 150,000 members with \$20 billion in funds under management. It is expected that the new merged fund will result in lower costs for the majority of members and provide broader investment options and improved services for all members.

Keeping members' best financial interests in mind with all that we do, we continue to focus on the future of the Fund. Here's a timeline of our merger discussions to date:

2020 to 2021

TWUSUPER began investigating potential mergers with other super funds with the aim of offering members improved benefits from greater scale.

December 2022

TWUSUPER and Mine Super entered a preliminary non-binding Memorandum of Understanding to explore a merger of the two funds.

April 2023

TWUSUPER and Mine Super executed a Heads of Agreement. We entered a due diligence phase which included detailed planning to ensure a seamless transition for all members should the merger go ahead.

September 2023

TWUSUPER and Mine Super announced the signing of the Successor Fund Transfer Deed, a major milestone in our merger discussions.

The final stage of the merger will be dedicated to ensuring a seamless transition for members while maintaining the ongoing high levels of service members expect from our fund.

With thanks

We are grateful for the long-standing partnerships supporting the people and communities who keep Australia moving and look forward to continuing and strengthening these over the coming financial year and beyond.



Hon. Nick Sherry
Chairman



Frank Sandy
Chief Executive Officer

Who we are

TWUSUPER was created with a mission to provide low-cost superannuation to the transport industry, with all profits invested back into member accounts.

Our purpose

To provide support to and improve the retirement outcomes for the people who keep Australia moving.

Our members

Our members work in all different areas of transport and Australians rely on them every day. They keep Australia moving.

Our values

The core values of TWUSUPER are:

- > Service focussed
- > Working together
- > Integrity
- > Commitment
- > Transparency

At a glance

At 30 June 2023, TWUSUPER has:



95,254
members



16,229
employers



\$6.6 billion
in member
assets



46.5
average
member age



85.7%
members
who are male



12.7%
members
who are female

The 2023 financial year in review

Inflationary pressures have shaped an eventful year in the investment market.



After being locked away during the height of the Covid-19 pandemic and only able to buy essentials, consumers were keen to spend. But the closures all over the world had significantly impacted supply chains. This surge in demand combined with hefty increases in shipping costs and limited availability of goods, resulted in unexpected price rises that most policy makers had not predicted.

Rapidly increasing inflation left the Reserve Bank of Australia (RBA) with no option but to increase interest rates. Higher interest rates can make life difficult for people paying off a mortgage and servicing other debts. Consumers find it harder to make their repayments, so they reduce their spending. This makes it harder for many businesses to turn a profit. Businesses also felt the impact of staff shortages as the pool of immigrants and temporary residents had dried up through the pandemic. The nasty combination of rising product and employment costs placed businesses that were unable to raise prices under intense pressure.

While rising interest rates over the past year have certainly made life tough for borrowers and businesses, there is a positive side. Returns have improved for cash and conservative investors as interest rates have risen. And while the short-term impact of rising interest rates on return seeking assets such as shares is negative, the long-term impact is positive as share investors see higher expected returns in line with higher bond yields.

Investors in the Cash Plus options have seen a much-improved return of 2.84% after tax for the year. This compares well with previous annual returns dating back as far as the Global Financial Crisis.

Returns on diversified options were blighted by rising inflation and interest rates, combined with higher energy prices and geopolitical tensions in the second half of 2022. But this turned around in the first half of 2023. International shares rallied by 17.5%, while Australian shares rose by a more modest 5.1% (including franking credits). The rally surprised many and reflects the forward-looking nature of financial markets. Analysts had noted that central bank efforts to rein in inflation were proving effective and anticipated that rates would peak and potentially fall by the end of the year. Also, the technology sector soared as the appetite for electric vehicles, smart phones and cloud-based applications continued unabated. A good example of this is the share price of Nvidia Corporation, which was seen as a major beneficiary of emerging artificial intelligence applications such as ChatGPT.

The net effect of the robust financial market returns in 2023 is that member returns for the financial year were strong. The Balanced (MySuper) option returned 9.14% after investment fees, costs and taxes.

Edward Smith
Chief Investment Officer

Responsible investment

Responsible investment is an important part of our long-term investment approach. We recognise that encouraging better Environmental, Social and Governance (ESG) practices helps support a more sustainable financial system, can contribute to positive impacts on the environment and society, and provide long-term benefits for members.

ESG issues like occupational health and safety, workplace rights, board composition, climate change and executive remuneration can impact our investment performance, so managing these issues properly will improve our performance over the long term.

Leadership, governance and advocacy

We signed the Principles for Responsible Investment (PRI) in 2007 and helped found the Australian Asset Owner Stewardship Code.

In 2022, we became a member of the Investor Group on Climate Change, which aims to encourage government policies and investment best practices that ensure risks and opportunities associated with climate change are incorporated into investment decisions.

Where appropriate, through our membership of the Australian Council of Superannuation Investors (ACSI), TWUSUPER actively encourages policy makers to ensure alignment of the financial system and regulatory policy with the interests of long-term investors.

For example, ACSI has made numerous parliamentary submissions including a submission to the Attorney-General's Department in respect of the review of Australia's Modern Slavery Act (MSA) 2018. In this submission, ACSI proposed several specific changes to ensure that the MSA continues to improve the mitigation of modern slavery and to deliver better outcomes, increased transparency, balancing outcomes and compliance burden and balancing responses to modern slavery risks with other human rights risks.

We made a public submission (in collaboration with ACSI) to the Department of the Treasury on Climate-related financial disclosure first and second consultation papers, which reviewed the introduction of mandatory climate-related financial disclosures. In our submission, we welcomed the proposed introduction of requirements for mandatory disclosures and maintained support for the overarching policy goal of supporting decarbonisation of the economy and meeting the 2050 net zero target. However, we proposed that Treasury considers: the relationship between the purpose of this reporting and the entity reporting, and the additional reporting guidance necessary to support non-listed entities, including asset owners such as superannuation funds.

Managing ESG risks and opportunities

The ESG management framework we use involves analysing and incorporating environmental, social and corporate governance risks and opportunities into investment decision-making processes. Our investment considerations and decisions are not always the same. They differ depending on asset class, strategy, nature of the investment and our ownership rights.

Before appointing a specialist investment manager we assess their ESG capabilities in relation to their peers. To be appointed, their capabilities must be at or above a minimum standard. We then continue to monitor their ESG activities through regular portfolio update meetings and reviews of their ESG policies and related disclosures.

A case study from FY2023

The appointment of an Emerging Markets Equities manager.

Appointing an emerging market investment manager with a keen focus on environmental, social, and governance (ESG) considerations was a meticulous and multifaceted process. It began with identifying our investment objectives and risk tolerance in an emerging markets context. Once these parameters were established, a comprehensive due diligence process ensued, involving the assessment of potential managers' track records in ESG integration and their ability to align with our ESG policies and goals. A rigorous evaluation of the manager's investment strategy, portfolio construction, and risk management practices was paramount. Furthermore, the selection process involved interviews, meetings, an analysis of the manager's commitment to responsible investing and an ESG rating. Ultimately, the chosen emerging market investment manager demonstrates not only financial acumen but also a robust ESG framework that aligns with our values and objectives, ensuring a balanced approach to generating returns while promoting sustainability and ethical practices in these dynamic markets.

Proxy voting

We actively exercise our voting rights at meetings of directly held Australian companies in which we invest. Our external investment managers vote at all international company meetings in line with their proxy voting policies. Where these companies are directly held, TWUSUPER retains final voting discretion.

In FY2023, we voted against management's position 10.31% of the time, demonstrating our willingness to oppose poor corporate practices.

Proxy voting: a real-world example

Atlas Arteria Limited (ASX: ALX) In addition to a number of concerns relating to incentives, bonuses and general practices, Atlas Arteria had safety/fatality issues which weren't addressed and managed properly. Our vote "Against" Atlas Arteria's remuneration report contributed to a successful outcome whereby management's recommendation was not adopted, receiving 51% against votes. Combined with active company engagement, this sends a signal to the company of shareholder expectations for improvement.

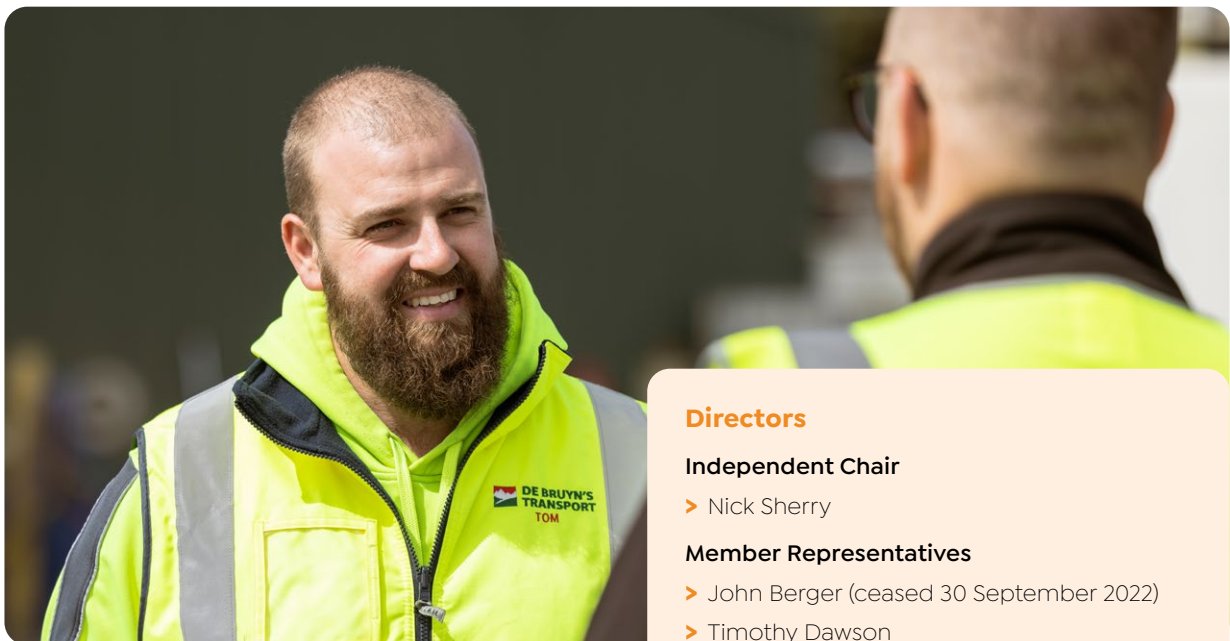
For more detailed disclosure of our voting record go to twusuper.com.au/voting



Terra-Gen is held by the Foresight Diversified Infrastructure Fund, into which TWUSUPER invests.

Representing member interests

The Board of Directors has an obligation to always act in the best financial interests of members and beneficiaries in accordance with the Fund's Trust Deed and superannuation law.



The Board is responsible for the prudent management of the Trustee and Fund and is made up of an Independent Chair, four Member Representatives and four Employer Representatives. There is also provision for up to six Alternate Representatives (three Member Representatives and three Employer Representatives).

They are supported by external service providers (see [page 19](#)), Trustee staff who manage the everyday operation of the Fund and several committees, including:

- > Investment
- > Audit, Risk and Compliance
- > Communications and Marketing
- > Complaints and Appeals
- > Operations and Remuneration

Together, the Trustee Directors represent TWU Nominees Pty Ltd (ABN 67 002 835 412), the Trustee company that runs TWUSUPER.

Directors

Independent Chair

- > Nick Sherry

Member Representatives

- > John Berger (ceased 30 September 2022)
- > Timothy Dawson
- > Michael Kaine
- > Richard Olsen
- > Michael McNess (ceased as an Alternate Member Representative on 31 October 2022 and was appointed as a Member Representative the same day)

Alternate Member Representatives

- > Nick McIntosh
- > Ian Smith

Employer Representatives

- > Peter Anderson
- > Laurie D'Apice
- > Michelle Harwood
- > Gary Mahon

Alternate Employer Representatives

- > Campbell Dumesny
- > Paul Ryan (ceased 2 December 2022)

Our insurance strategy and claims philosophy

Insurance strategy

We provide a basic level of Death and Total and Permanent Disablement (TPD) cover to the transport and logistics industry with no occupational exclusions. This demographic is often limited in the insurance they can obtain on a personal basis.

Our default insurance offer is fit for purpose, affordable and we ensure the cost of it does not inappropriately erode the retirement account balances of our members.

For members who want and need more cover than the default offer, we provide options to apply for or increase Death, TPD and Income Protection cover with or without medical assessments.

Claims philosophy

We play a visible role in the claims process, ensuring members receive regular updates on the progress of their claim as well as ensuring a decision is made in a reasonable timeframe.

The Fund is committed to performing within agreed service standards and handling claims with transparency and within an appropriate governance and monitoring framework. We will pay all accepted claims promptly when a condition of release has been met in accordance with legislation and the terms of the Fund's Trust Deed.

The Insurer will pay all genuine claims, make prompt decisions, and maintain a member-centric approach.

Insurance claims at a glance

Between 1 July 2022 and 30 June 2023:



92.4%
TPD claims
accepted



\$17.5 million
TPD insurance
benefits paid
by the insurers



7.5%
TPD claims paid
under dangerous
occupation exception



Over 50%
Musculoskeletal
condition reason
for TPD claim



Investment information

Cash Plus

Investment return objective

Annual rate of return (before tax) greater than the Bloomberg AusBond Bank Bill Index.

Strategy

Invests entirely in cash and short term interest-bearing securities. Investment returns are subject to less volatility than other investment options, with very low risk of capital loss, but also a low expected investment return.

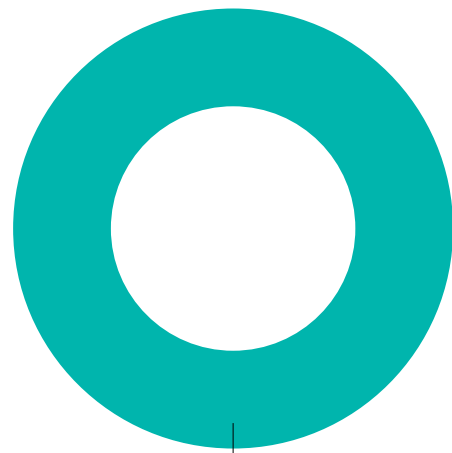
Investment returns for the year ended 30 June 2023*

Super accounts	2.84%
Pre-retirement Super Pension	2.84%
Retirement Super Pension	3.22%

* Net of tax (where applicable) and fees (excluding administration fees which are deducted directly from your account). Tax was not payable on Retirement Super Pension returns. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Actual asset allocation at 30 June 2023

The strategic benchmark is shown in brackets.



100% (100%)
Cash/interest-bearing securities





Conservative

Investment return objective

Annual return 1.5% higher than the Consumer Price Index over rolling 5-year periods.

Strategy

Invests in a broad mix of low risk assets with a limited exposure to return-seeking assets, to limit the risk of loss in a given year. Over the long term, Conservative investment option returns are expected to be lower than Moderate, Balanced (MySuper) and High Growth, but higher than Cash Plus option returns.

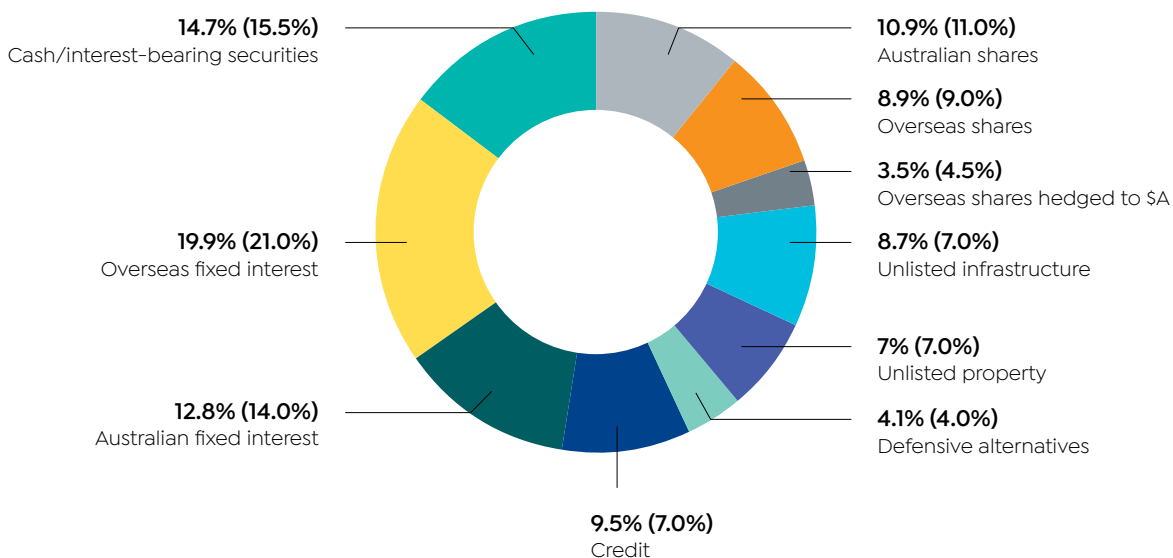
Investment returns for the year ended 30 June 2023*

Super accounts	4.60%
Pre-retirement Super Pension	4.60%
Retirement Super Pension	5.15%

* Net of tax (where applicable) and fees (excluding administration fees which are deducted directly from your account). Tax was not payable on Retirement Super Pension returns. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Actual asset allocation at 30 June 2023

The strategic benchmark is shown in brackets.





Moderate

Investment return objective

Annual return 2.25% higher than the Consumer Price Index over rolling 7-year periods.

Strategy

Invests in an even mix of low risk and return-seeking assets to strike a balance between a lower risk of loss and higher expected returns. Over the long term, Moderate investment option returns are expected to be lower than Balanced (MySuper) and High Growth, but higher than Conservative and Cash Plus option returns.

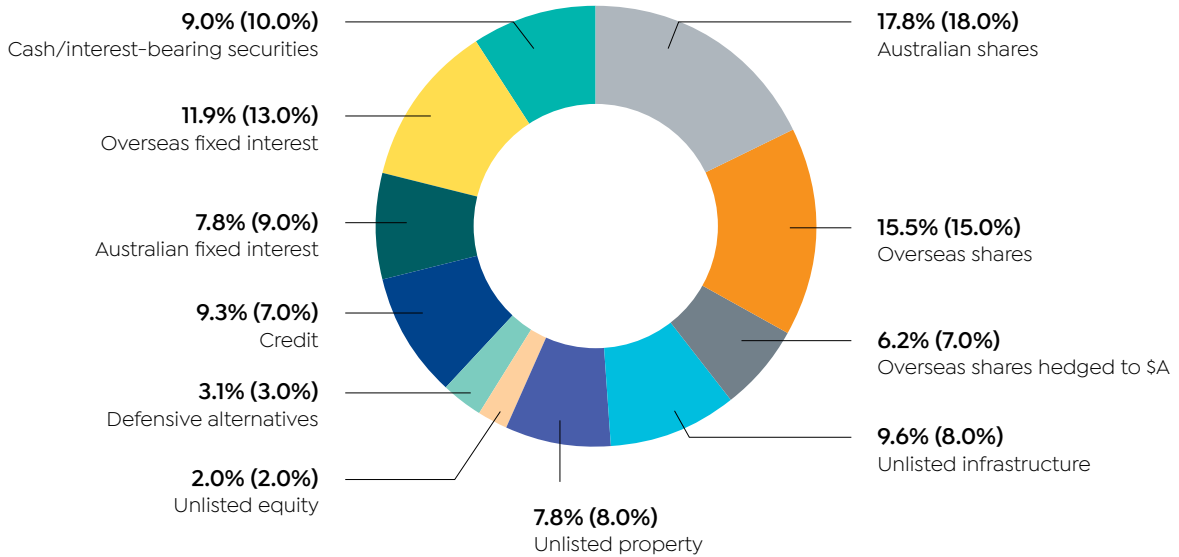
Investment returns for the year ended 30 June 2023*

Super accounts	6.86%
Pre-retirement Super Pension	6.86%
Retirement Super Pension	7.71%

* Net of tax (where applicable) and fees (excluding administration fees which are deducted directly from your account). Tax was not payable on Retirement Super Pension returns. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Actual asset allocation at 30 June 2023

The strategic benchmark is shown in brackets.





Balanced (MySuper)

When we talk about our Balanced (MySuper) option, we are also referring to the Balanced option for TransPension members, including Pre-Retirement Super Pensions (TTR) and Retirement Super Pensions (Pension Account). They are the same investment option, but we use a different name to comply with Government requirements. The Investment return objective shown below is set by the Trustee. The product dashboard (available at twusuper.com.au/balanced) uses a different measure called the Return target, as required under superannuation law.

Investment return objective

Annual return 3% higher than the Consumer Price Index over rolling 10-year periods.

Strategy

Invests in a broad mix of assets that is predominantly comprised of return-seeking assets, with a substantial allocation to low risk assets. Investments are expected to fluctuate and are likely to incur losses from time to time in line with market movements. Over the long term, Balanced (MySuper) investment option returns are expected to be higher than all other options except the High Growth option.

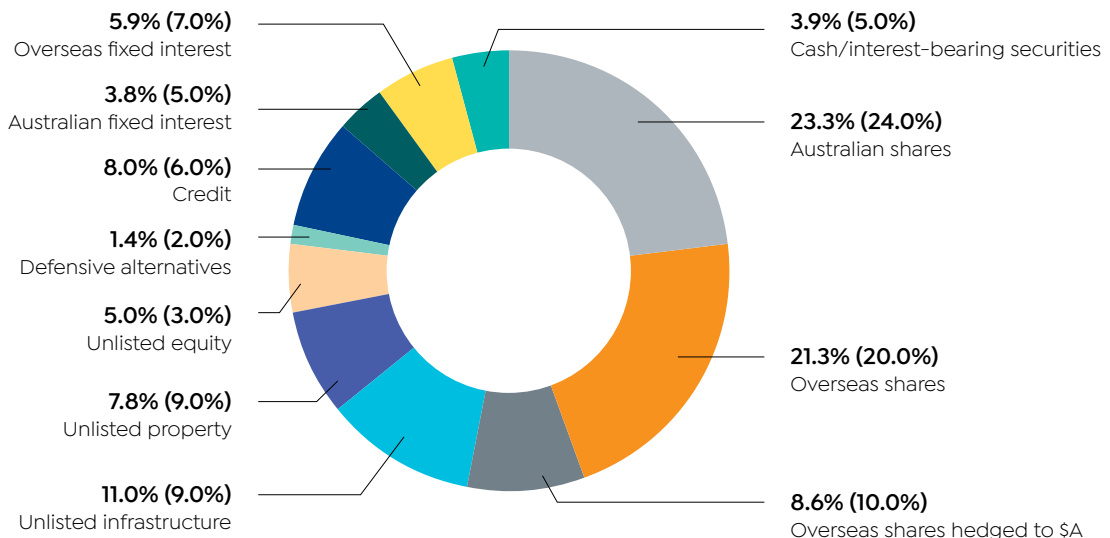
Investment returns for the year ended 30 June 2023*

Super accounts	9.14%
Pre-retirement Super Pension	9.14%
Retirement Super Pension	10.04%

* Net of tax (where applicable) and fees (excluding administration fees which are deducted directly from your account). Tax was not payable on Retirement Super Pension returns. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Actual asset allocation at 30 June 2023

The strategic benchmark is shown in brackets.





High Growth

Investment return objective

Annual return 4% higher than the Consumer Price Index over rolling 10-year periods.

Strategy

Invests predominantly in return-seeking assets that entail more risk, such as Australian and international shares, property, unlisted equity and infrastructure. History shows returns from this option are likely to move up and down from year to year with short term risk of capital loss. Over the long term the High Growth investment option is likely to produce higher returns than all other investment options.

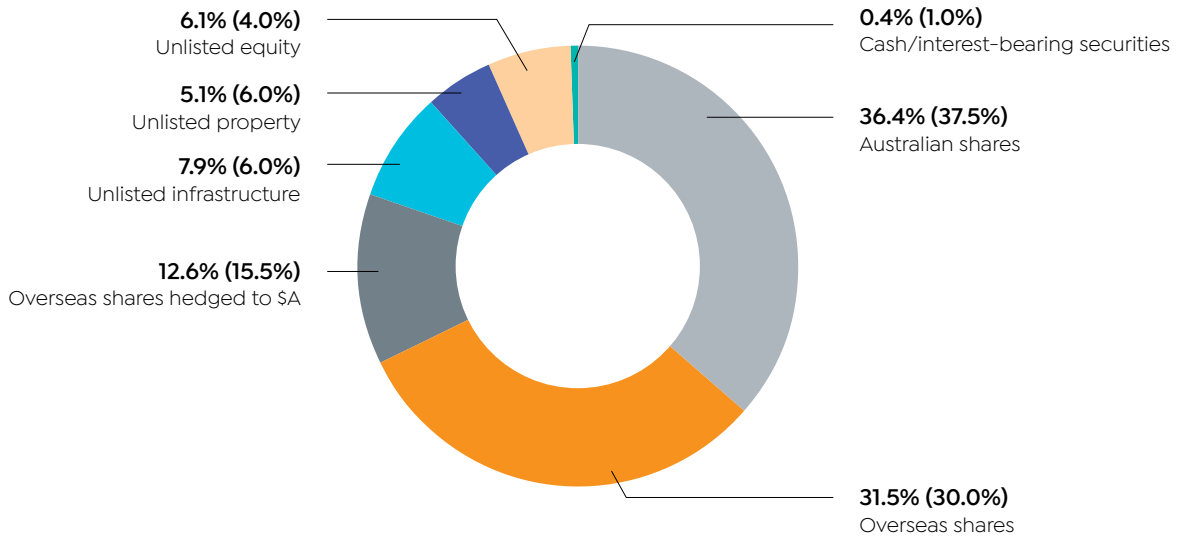
Investment returns for the year ended 30 June 2023*

Super accounts	12.90%
Pre-retirement Super Pension	12.90%
Retirement Super Pension	13.80%

* Net of tax (where applicable) and fees (excluding administration fees which are deducted directly from your account). Tax was not payable on Retirement Super Pension returns. Past performance is not a reliable indicator of future performance and should never be the sole factor considered when selecting a fund.

Actual asset allocation at 30 June 2023

The strategic benchmark is shown in brackets.



Investment performance

These tables show annual returns for our investment options to 30 June for the last five years*, as well as long term returns showing compound average annual performance for the three, five and ten year periods ending 30 June 2023.

Super accounts (Industry, Transuper and TransPersonal members)

	Cash Plus	Balanced (MySuper)	High Growth
Investment returns for year ended 30 June (%)			
2023	2.84	9.14	12.90
2022	-0.22	-2.68	-4.01
2021	0.37	18.98	25.72
2020	0.87	-0.66	-1.19
2019	1.80	5.19	5.62
Compound average for the period ending 30 June 2023 (%)			
3 years	0.99	8.11	10.86
5 years	1.13	5.72	7.29
10 years	1.50	7.28	8.98

*The Conservative and Moderate investment options were launched on 27 September 2021 and do not have full year returns prior to 2023.



Pre-retirement Super Pension accounts (TransPension members)

	Cash Plus	Balanced	High Growth
Investment returns for year ended 30 June (%)			
2023	2.84	9.14	12.90
2022	-0.22	-2.68	-4.01
2021	0.37	18.98	25.72
2020	0.87	-0.66	-1.19
2019	1.80	5.19	5.62
Compound average for the period ending 30 June 2023 (%)			
3 years	0.99	8.11	10.86
5 years	1.13	5.72	7.29
10 years	1.66	7.72	9.51

Retirement Super Pension accounts (TransPension members)

	Cash Plus	Balanced	High Growth
Investment returns for year ended 30 June (%)			
2023	3.22	10.04	13.80
2022	-0.22	-2.87	-4.36
2021	0.48	20.90	28.43
2020	1.11	-0.73	-1.34
2019	2.21	6.07	6.97
Compound average for the period ending 30 June 2023 (%)			
3 years	1.15	8.92	11.81
5 years	1.35	6.35	8.09
10 years	1.79	8.14	10.04

Note: All investment figures quoted are net of fees, costs and (where relevant) estimated tax. Investments can go up and down. Past performance is not necessarily indicative of future performance.

Financial statements (abridged)

This summary is for the whole Fund, including the TWUSUPER and TransPension divisions. To see the full audited financial statements and audit report for the year ended 30 June 2023 go to twusuper.com.au/statements or you can request a copy by calling 1800 222 071.

	2022	2023
Operating Statement	\$000's	\$000's
Opening Balance - Net Assets to pay benefits	6,273,695	6,085,976
Plus - Money Received		
Net Investment Income	301,569	184,033
Changes in net Market Value of Investments	(515,018)	404,140
Contributions	437,082	457,336
Transfers	117,252	111,743
Other	29,356	25,550
Total Income	370,241	1,182,802
Less - money paid out		
Benefits Paid	487,954	539,593
Administration costs	34,634	28,977
Insurance Premiums	32,942	33,613
Income Tax Expense/(Benefit)	2,430	89,090
Total expenses	557,960	691,273
Equals closing balance - net assets to pay benefits	6,085,976	6,577,505

	2022	2023
Statement of Financial Position	\$000's	\$000's
Assets		
Investments	6,171,069	6,674,332
Cash at Bank	25,645	21,996
Receivables	9,689	14,965
Other	-197	62
Income Tax Receivable	26,454	12,310
Deferred Tax Assets	1,537	1,495
Total	6,234,197	6,725,160
Less Payments Due		
Payables	22,363	28,642
Derivative liabilities	61,544	11,347
Deferred tax liabilities	64,314	107,666
Total	148,221	147,655
Equals Net Assets - 30 June	6,085,976	6,577,505



Kinetic bus company is held by the Foresight Diversified Infrastructure Fund, into which TWUSUPER invests.

Service providers and investment managers

Key advisers and service providers for the year ending 30 June 2023 are listed below.

Actuary:

Mercer Consulting (Australia) Pty Ltd

Administrator:

Mercer Outsourcing (Australia) Pty Ltd

Auditor:

Ernst & Young (EY)

Custodian:

BNP Paribas Securities Services

Insurer:

TAL Life Limited (group life and income protection)

Investment adviser:

JANA Investment Advisers

Legal adviser:

Sparke Helmore Lawyers

- > AIF Capital
- > Bain Capital
- > Barings
- > Bell Asset Management
- > BlackRock Investment Management (Australia)
- > Charter Hall
- > Cooper Investors
- > Dexus
- > DNR Capital
- > Eiger Capital
- > First Sentier Investors
- > Foresight Group
- > Igneo Infrastructure Partners
- > HarbourVest Partners LLC
- > IFM Investors
- > Intermede Investment Partners
- > ISPT
- > Janus Henderson Investors
- > JPMorgan
- > Lexington Partners
- > LGT Capital Partners
- > Macquarie Investment Management
- > Northcape Capital
- > Nuveen LLC
- > Pantheon Ventures Ltd
- > Perpetual Investment Management
- > QIC Limited
- > Schroders
- > Siguler Guff & Company
- > Spheria Asset Management
- > State Street Global Advisors
- > T. Rowe Price Investment Management
- > Vinva Investment Management

Investment managers as at 30 June 2023:

The investment of your super or pension is managed by outsourcing to a group of professional investment managers, appointed and supervised by the Trustee.

Each investment manager invests according to rules set by the Fund's Trust Deed, and the agreement between each manager and the Trustee.

The Trustee is advised by its Investment Committee, the Fund's Chief Investment Officer and its independent investment adviser, JANA Investment Advisers.

The Trustee agrees with each investment manager the guidelines that define the types of investments they may hold and the proportion of assets which may be allocated to each investment. The Trustee also monitors the performance of each manager against appropriate benchmarks.

For an up-to-date listing go to twusuper.com.au/managers

What you need to know about the Fund

Access to Fund documents

The following documents relating to the Fund's management are available on our website:

- > Product Disclosure Statement (PDS)
- > Trust Deed
- > Financial statements
- > Trustee Company Constitution
- > Conflicts Management Policy.

Got to twusuper.com.au or call us on 1800 222 071 to request a copy of any of these documents.

Indemnity insurance

The Trustee has indemnity insurance that provides cover for liabilities that may arise from claims against the Fund and its Trustee Directors and officers.

Superannuation Surcharge

Payments in connection with the superannuation contributions surcharges or advance instalments of surcharge will be deducted from the relevant member's accounts. Note the superannuation surcharge was abolished on 1 July 2005. Such payments refer to any historical unresolved matters.

Dispute resolution

If you have an enquiry or complaint, call 1800 222 071 or write to:

Complaints Officer, TWUSUPER
GPO Box 779
MELBOURNE VIC 3001

Super complaints

The Trustee is required to take reasonable steps to properly consider and deal with your enquiry or complaint within 45 days of it being made.

If the Trustee has not made a decision within 45 days of receipt of your enquiry or complaint, you may write and request our written reasons for the Trustee's failure to make a decision within that period – we must respond within 28 days of receipt of your request.

Complaints about death benefit decisions

The Trustee will notify claimants about how we propose to pay a death benefit of a deceased member.

Claimants have 28 days from when they receive the notice to make a complaint if they object to the proposal and the Fund must respond to the complaint within 90 days.

If you remain unsatisfied

If you are not satisfied with the outcome or the matter cannot be resolved, you may be able to refer it to the Australian Financial Complaints Authority on 1800 931 678, or email info@afca.org.au, or write to:

**Australian Financial
Complaints Authority**
GPO Box 3
MELBOURNE VIC 3001



Inactive low balance accounts

An inactive low balance account is one where:

- the balance is under \$6,000, and
- there have been no contributions or super rollovers from other funds into the account for 16 months, and
- no changes have been made to investment options, insurance cover or binding beneficiary nominations for 16 months.

Government rules designed to protect accounts from being eroded by fees and charges mean we have to transfer inactive low balance accounts to the Australian Tax Office (ATO).

If your account is transferred to the ATO, you will no longer be a member of TWUSUPER. The ATO will try to consolidate your super money with any active super accounts you may have (if you have one, and the balance of the combined accounts is greater than \$6,000). If the ATO can't consolidate your super money, it will remain with them until you claim it.

How to keep your super account with TWUSUPER

If your super account is likely to be identified by the ATO as an inactive low balance account, there are some things you can do to keep it with us:

- ask your employer to pay your contributions into your TWUSUPER account
- make a personal contribution or roll over other super from another fund into your account (the contribution does not need to bring your balance above \$6,000 and there is no minimum contribution that applies)

- change your investment options (as long as any change suits your overall investment strategy)
- make a binding beneficiary nomination, or
- change your insurance cover (if you have insurance cover with us). Keep in mind that you may have insurance elsewhere and you need to ensure you have enough balance to cover your premiums. If you wish, you can transfer the account balance of another fund into your TWUSUPER account along with the insurance attached to that fund.

Temporary residents (excluding New Zealand citizens) leaving Australia permanently

If you are a temporary resident (other than a New Zealand citizen) and have departed Australia permanently, you can withdraw your super within six months of leaving the country (if certain conditions are met). If you leave the country and do not withdraw your super within six months, we will transfer it to the ATO as unclaimed money. You can then claim your benefit from the ATO. We will not send you an exit statement if your account has been transferred to the ATO.



How we manage your super

How we manage your money

We invest your money in various asset classes including shares, property, cash and other types of assets depending on the mix of investment options you choose. Investment options differ in the amount of risk involved and the potential for returns or losses. As a general rule, growth type investments like shares are likely to have higher returns over the longer term. However, they can also be volatile and even go backwards over some periods.

We always invest to maximise your return, for an appropriate level of risk, over the long term.

Futures and options

Some investment managers may use derivative securities.

Derivatives include futures, options, currency forwards, and swap contracts. They are used to protect the value of portfolios against market risk or to enable managers to efficiently manage investment exposure without buying or selling the actual securities.

Derivatives are used to manage asset allocation and currency exposures. They are not used for speculative purposes or to leverage any investment option.

Significant investment holdings

Investments held with each of the following investment managers exceeded 5% of the Fund's assets as at 30 June 2023:

- > State Street Global Advisors (10.92%)
- > BlackRock Investment Management (Australia) (9.03%)
- > Janus Henderson Investors (7.51%)
- > Vinva Investment Management (6.88%)
- > Cooper Investors (6.21%)
- > Foresight Group (6.02%).

No single investment exceeded 5% of any option as at 30 June 2023.

Investment earnings

The Fund uses unit pricing to allocate investment earnings to members' accounts.

With unit pricing, the underlying assets of each of the Fund's investment options are divided into a number of units. You are allocated the number of units that reflects your share of each investment option. Your account balance is the number of units you hold in each investment option multiplied by the unit price of those investment options.

Unit prices are calculated daily and published on the website. To see the latest unit prices, go to twusuper.com.au/investments.

Reserves

The Fund maintains four reserves: Operational Risk Reserve, Strategic Risk Reserve, Trustee Reserve and General Reserve. Movements in the reserves over the past three years (or shorter periods where relevant) are shown below and on the next page.

Operational Risk Reserve

Designed to protect members' investments against adverse events resulting from failed processes or systems and external events such as fraud. The target level is 0.25% of net Fund assets and it was funded to 0.248% of Fund net assets, well above the tolerance level of 0.225%.

For the year ended 30 June 2023 (\$000's)

	2021	2022	2023
Opening balance	15,312	16,999	15,227
Movement	1,687	(1,772)	973
Closing balance	16,999	15,227	16,200

Strategic Risk Reserve

Designed to protect members' investments against losses resulting from strategic and reputational risk events. The target level is 0.10% of net Fund assets and it was fully funded as at 1 July 2023.

For the year ended 30 June 2023 (\$000's)

	2021	2022	2023
Opening balance	5,678	6,323	4,955
Movement	645	(1,368)	1,685
Closing balance	6,323	4,955	6,640

Trustee Reserve

Designed to set aside funds for the payment of financial penalties that regulators may subject the Fund to, exposing it to the risk of insolvency. The target level is \$6.5m million and was funded to \$6.2 million as at 1 July 2023. It is expected to be fully funded by no later than 30 June 2026.

For the year ended 30 June 2023 (\$000's)

	2021	2022	2023
Opening balance	0	0	4,878
Movement	0	4,878	1,350
Closing balance	0	4,878	6,228

General Reserve

Designed to protect the Trustee's business operations by providing a buffer to additional working capital. In general terms, it carries additional working capital of \$7 million (target amount) with a lower limit of \$4 million. It was fully funded as at 1 July 2023.

For the year ended 30 June 2023 (\$000's)

	2021	2022	2023
Opening balance	11,069	10,903	11,070
Movement	(166)	167	1,680
Closing balance	10,903	11,070	9,390



We're here and ready to help

As a TWUSUPER member you get the help you need, when and how you want it.



Our advisers* can provide phone-based financial advice on limited topics about your TWUSUPER account including:

- > the most suitable investment option for you
- > tax-effective ways to contribute to your super.

There is no extra cost for this type of advice because the cost is included in the indirect fees that apply to all super accounts.

To find out more, call us on **1800 222 071** between 8am and 8pm (AEST/AEDT) weekdays.

General enquiries

Customer Service team

P 1800 222 071
W [twusuper.com.au](https://www.twusuper.com.au)



* TWU Nominees Pty Ltd ABN 67 002 835 412, AFSL 239163 as the trustee of TWUSUPER ABN 77 343 565 307 (Fund) has engaged Industry Fund Services Limited (IFS) ABN 54 007 016 195, AFSL No 232514 to facilitate the provision of financial advice to members of TWUSUPER (Fund). Advice is provided by one of our financial advisers who are Authorised Representatives of IFS. Fees may apply. Further information about the advice services that can be provided is set out in IFS' Financial Services Guide, a copy of which can be obtained by calling **1800 222 071**. IFS is responsible for any advice given to you by its Authorised Representatives.

The cost of providing certain phone-based financial advice services is incorporated into the fees that are applicable to all super accounts.

This document has been prepared and issued by the Trustee.

The information contained in this annual report is correct as at 30 June 2023. This information is of a general nature only and is not a comprehensive study. It has been prepared without taking into account your objectives, financial situation or needs. Before acting on this information, you should consider its appropriateness having regard to your objectives, financial situation and needs. You may wish to consult a licensed financial adviser when doing this. You should obtain a copy of TWUSUPER's current Product Disclosure Statement (which is available by calling **1800 222 071** or visiting [twusuper.com.au](https://www.twusuper.com.au) and consider it carefully before you make any decision about whether to acquire the product or continue to hold our products. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at [twusuper.com.au/tmd](https://www.twusuper.com.au/tmd)

TWU Nominees Pty Ltd (ABN 67 002 835 412), Australian Financial Services Licence No. 239163 (the Trustee), is the trustee of TWUSUPER (ABN 77 343 565 307) and the issuer of interests in it.

For the people who
keep Australia moving

