



Australian Government

Commonwealth Superannuation Corporation

Annual Report to Customers

2019–20



Commonwealth
Superannuation
Corporation

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About this report

This is the annual report for the year ended 30 June 2020 to customers of the:

Public Sector Superannuation Scheme (PSS) ABN: 74 172 177 893 RSE: R1004595

Commonwealth Superannuation Scheme (CSS) ABN: 19 415 776 361 RSE: R1004649

Military Superannuation and Benefits Scheme (MilitarySuper) ABN: 50 925 523 120 RSE: R1000306

Public Sector Superannuation accumulation plan (PSSap) ABN: 65 127 917 725 RSE: R1004601

Commonwealth Superannuation Corporation retirement income (CSCri) ABN: 65 127 917 725 RSE: R1004601

Australian Defence Force Superannuation Scheme (ADF Super) ABN: 90 302 247 344 RSE: R1077063

This report was prepared in September 2020 by Commonwealth Superannuation Corporation (CSC) (ABN: 48 882 817 243 AFSL: 238069 RSEL: L0001397). CSC manages and is responsible for all aspects of PSSap and CSCri, including investment strategy, administration and customer communications.

CSC is licensed under the *Corporations Act 2001* and the *Superannuation Industry (Supervision) Act 1993*.

CSC is the trustee of five regulated superannuation schemes: CSS, PSS, MilitarySuper, PSSap, ADF Super. CSC also administers six exempt public sector and military schemes.

General advice only

Any financial product advice in this report is general advice only and has been prepared without taking account of your personal objectives, financial situation or needs. Before acting on any such general advice, you should consider the appropriateness of the advice, having regard to your own objectives, financial situation and needs. You may wish to consult a licensed financial adviser. You should obtain a copy of the Product Disclosure Statement (PDS) for the relevant scheme and consider its contents before making any decision regarding your super.

Financial advice for your needs and goals

Obtaining professional advice from an experienced financial planner can help you reach your financial goals. CSC's authorised* financial planners provide 'fee for service' advice, which means you receive a fixed quote upfront. There are no obligations, commissions or hidden fees.

To arrange an initial advice appointment please call **1300 277 777** during business hours. If you wish to find out more, please visit **[csc.gov.au](https://www.csc.gov.au)**

*CSC's authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide customers with specialist advice, education and strategies.

Report from our Chair



Introduction

The 2019-20 year presented exceptional challenges to Australia – from widespread severe drought, destructive bushfires and then COVID-19. In addition, significant global geopolitical events happened including Brexit and the US-China trade war.

All these had a significant impact on the economy, our business and investment markets during 2019-20.

Many legislative and regulatory changes were made or foreshadowed in 2019-20 that have impacted significantly or will impact significantly all superannuation funds – for example, Member Outcomes, Protecting Your Super, the Financial Accountability Regime and data management.

CSC responded to all of these challenges, and we have improved the ways we engage with and provide services to our customers.

We continue to operate in an uncertain environment. Infections from the COVID-19 virus continue, our workplaces are forever different and markets still have challenges pricing risk; and none of that will change quickly.

COVID-19

COVID-19 has resulted in change for our customers, our business and our investments. The way we operate CSC – we have done this “remotely” for some considerable time – and “bringing the future forward” with greater digital interaction with our customers are just two examples of how things have changed. The extent of that change is unfinished work.

Our investment strategy has not changed through COVID-19 – it is based on securing adequate retirement outcomes for CSC customers. It retains a capital preservation bias (with a lower weighting to risk assets), and a focus on liquidity management.

Our customers want to understand how their superannuation is impacted by COVID-19. People are seeking information about the performance of their fund and are looking for advice on the steps they might take to minimise the impact on their super balances. Our staff have responded to these and other customer concerns and enquiries, while also prudently managing our investment portfolios in a way that builds and supports better retirement outcomes for our customers and their families.

It is important to note the superannuation sector has played a key role during this crisis. It has supported government policy decisions (such as Early Release of Superannuation) and continues to make major investments into the economy, such as infrastructure.

Investment performance

Investment market returns were robust over the first 8 months of the financial year. This was dramatically upended by the global COVID-19 pandemic which resulted in the shutdown of economies all over the world. Financial markets fell in value as a result of concerns about the impact on household incomes, potential corporate defaults and recession.

We were pro-actively reducing risk in February in response to the initial economic shutdown in China because we were concerned about the impact of that on global supply chains, given its central role in manufacturing. This helped us avoid 40% of the downside in equity markets through February and March.

Policymakers around the world responded with speed, delivering very material fiscal support to “fill in” income lost by households and businesses in the shutdowns. Monetary policy was also swift to respond and alleviate the loss of liquidity in panicked financial markets. As a result, we determined to reduce our underweight to risk assets and carefully move back to a neutral portfolio setting. This ensured that we captured a large proportion, though not all, of the rebound in markets catalysed by policy responses.

Although short-term one-year results have been negatively impacted by COVID-19, they have been small losses compared to those recorded in equity markets over the period.

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And over the medium and long term, investment returns for the 3, 5, 7, 10 and 15 years to 30 June 2020 for the Default, Balanced and MySuper Balanced options of the various schemes have continued to exceed their objectives.

Table 1: Investment returns to 30 June 2020 for CSC's Default, Balanced and MySuper Balanced scheme options

	AUM \$billion	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Australian inflation		-0.3	1.1	1.3	1.5	1.8	2.2
Investment option							
CSS default	1.63	-0.8	5.4	5.5	7.3	7.4	6.2
PSS default	20.31	-1.1	5.2	5.4	7.2	7.3	6.2
MilitarySuper Balanced	9.15	-1.1	5.2	5.4	7.1	6.6	5.5
PSSap MySuper Balanced	12.33	-1.1	5.2	5.3	7.2	7.3	6.3
ADF MySuper Balanced	0.43	-1.3	5.1	-	-	-	-
Target return		3.2	4.6	4.8	5.0	5.3	5.7

Note: Performance is presented net of fees and taxes.

CSC's primary investment objective is to maximise long-term real (that is, above inflation) returns for customers, with a target of 3.5% pa over rolling three-year periods for our Default, Balanced and MySuper Balanced options while keeping risk to an acceptable level (defined as a probability of loss in no more than three to four years out of 20). This investment objective is designed to provide adequacy in retirement for our average customer. 'Adequacy' is defined by the Australian Superannuation Fund Association (ASFA) as a 'comfortable standard', which accounts for post-retirement cost-of-living adjustments.

Member Outcomes

Member Outcomes is a new regulatory initiative that came into operation on 1 January 2020. It is a significant change to the way superannuation funds manage their business: how they plan, monitor, assess and report on how fund monies are spent. It is one of the most important changes to superannuation in the past decade.

Superannuation trustees must demonstrate objectively and transparently that the member and business initiatives they pursue and deliver are meeting the best interests of their fund members, and groups of members within their funds. This is referred to generally as "Member Outcomes".

For us, Member Outcomes is about holding ourselves to account for our vision, our customer promise and our customer commitments.

We deliver customer outcomes through three core functions:

1. Providing adequate retirement savings.
2. Enabling customers to make informed and engaged decisions.
3. Embedding ease, efficiency and effectiveness into our products and services.

CSC has identified five core business capabilities that support the core functions:

1. Organisational governance.
2. Risk management.
3. People and culture.
4. Data management.
5. Corporate effectiveness and infrastructure.

Fees

There has been increasing focus on fees from regulators, rating houses, superannuation providers and customers over recent years. To date, it has been difficult to accurately compare funds as there has been significant variations in calculation methodologies to report returns and fees. Efforts to standardise how returns and fees are calculated and reported will start to be implemented from the 2020-21 financial year. Importantly, super funds with lower fees don't necessarily offer the best value as the real cost to the customer may not be fully captured. For example, some funds used crediting rate reserves to pay expenses, and disclosure of some market transaction costs varies depending on how much of the fund is invested in unlisted assets.



Even when costs were calculated consistently, what ultimately matters is that CSC customers' retirement savings are not vulnerable to the condition of markets at the time that they choose to retire, and that they are getting value for money – i.e. the costs incurred deliver benefits through more robust and sustainable wealth accumulation – so that they have sufficient income in retirement.

We invest in high-quality assets and strategies that we expect will assist the achievement of retirement goals, but this investment strategy comes at a cost. Examples of such assets include private infrastructure and property assets, where the costs of actively managing the asset are higher than generic exposures to very small shares in such assets through listed markets.

We believe net returns, taking into account risks incurred in investing customers' savings, is the most appropriate measure of success.

FAR (Financial Accountability Regime)

The Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry made numerous recommendations aimed at increasing transparency and accountability in the banking and superannuation sector.

One of the more significant recommendations was for the existing Banking Executive Accountability Regime (BEAR) to be extended to all APRA regulated entities, including superannuation funds. The new industry-wide program is called the Financial Accountability Regime (FAR), and whilst CSC is supportive of its intent, it may lead to some unintended consequences. The primary of these is the impact onerous personal accountabilities and severe penalties will have on attracting and retaining executives and non-executive Directors.

CSC is well progressed to implement the future obligations that will most likely be a part of FAR. We have used the BEAR regulations and obligations to start preparing for the implementation of FAR, which we expect will impose the following:

- accountability obligations
- accountability map and accountability statement obligations
- key personnel obligations
- notification obligations
- deferred remuneration obligations.

Protecting Your Super and Putting Members' Interests First

On 1 July 2019 the Government's Protecting Your Super (PYS) package was put into place. The purpose of the PYS legislation is to protect superannuation accounts from unnecessary erosion caused by insurance premiums and particular fees. CSC is supportive of the changes PYS has brought about, including:

- The transfer of inactive superannuation accounts with balances under \$6,000 to the Australian Taxation Office (ATO).
- An annual cap of 3% of a customer's account balance on investment and administration fees for all customer accounts with balances less than \$6,000.
- The banning of exit fees.
- Customer accounts with insurance and that are inactive for 16 months having their insurance cancelled, unless the customer requests for the insurance to be maintained.

CSC successfully made the necessary administrative and technical changes to ensure all elements of the PYS package were in place and ready by the 1 July 2019 start date.

In the lead-up to the PYS implementation we undertook an extensive communications campaign to all CSC customers that were to be potentially impacted by the changes, either through having their low-balance account transferred to the ATO or by having their insurance cancelled because of an inactive account.

In late 2019 legislation for the Putting Members' Interests First (PMIF) package was passed by the Parliament. PMIF requires all superannuation funds to cease the provision of insurance to customers on an opt-out basis where:

- The customer has an account balance below \$6,000 (active low-balance accounts).
- The customer is a new customer who is under the age of 25.

The PMIF reforms build on the PYS package and are intended to protect customers' account balances from erosion from unwanted/not needed insurance cover.

Like we did for the PYS package, CSC successfully implemented the requirements of PMIF and communicated the changes to impacted customers.



ADF Super Choice

To make the process of transition out of the Australian Defence Force (ADF) simpler for our customers, during 2019 we proposed a change to ADF Super to enable those leaving the ADF to retain ADF Super as their superannuation fund of choice, post-service.

In early 2020 the changes were made, with the introduction of 'ADF Super Choice' for our customers leaving the ADF, from early July 2020.

Those changes to ADF Super will allow veterans with at least 12 months' continuous service to keep their ADF Super account for life.

Board Director and CEO changes

Sunil Kempfi left the CSC Board in November 2019 and on behalf of the CSC Directors I thank Sunil for his contribution. CSC directors Peggy O'Neal, Winsome Hall and Nadine Flood completed their nine-year terms as directors on 30 June 2020. Each has made a great contribution to CSC and I want to record my thanks for their efforts. Our customers are much the better for their work.

In February the CSC Board welcomed a new non-executive Director, Alistair Waters. Alistair is National President within the PSU Group of the Community and Public Sector Union (CPSU) and has held various governance, taxation and policy positions at the CPSU.

The Board also welcomed Melissa Donnelly as a non-executive Director in July 2020. Melissa is the National Secretary of the CPSU. In her time there she has occupied a range of roles, including leading the national political, industrial, research and legal team prior to joining the national Executive Committee in 2015.

On 1 July 2020 the number of Directors on the CSC Board reduced from eleven to nine.

CSC's CEO, Peter Carrigy-Ryan retired in July 2020 following a long and distinguished career at CSC. CSC's staff, the Board of CSC and I thank Peter for his extraordinary contribution to CSC. Peter's leadership, his values, his command of complexity, and his total customer and member focus will be very much missed, and we wish him all the very best in his retirement.

In June this year, after a comprehensive recruitment process the Board appointed Damian Hill as CSC's new CEO. Damian took up the position in July this year. Damian has a proven track record, having performed successfully as the CEO of one of Australia's largest superannuation funds, and has been a highly regarded and active participant in the industry over many years.

Thank you

I would like to thank CSC's staff and my fellow Directors for their commitment and effort during a year that has seen our organisation face many significant and unprecedented challenges.

Our commitment is to ensure that everything we do has a customer focus. Despite the challenges we encountered this year, CSC continued to deliver and improve the services our customers need; something I am very proud of.

On behalf of all the staff at CSC I want to thank the thousands of frontline staff and volunteers – many of them customers of CSC – that stepped forward and supported Australia during the bushfire and COVID-19 crises.

Despite the challenging times we are all facing, we are committed to implementing our significant program of change, improving the way we deliver products and services to our customers.



Patricia Cross

Chair

23 September 2020

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About our schemes

CSC is the trustee of five superannuation schemes regulated under the *Superannuation Industry (Supervision) Act 1993*, and we administer six exempt public sector and military schemes. This report provides information on the regulated schemes— i.e. CSS, PSS, MilitarySuper, PSSap, and ADF Super. Information about our exempt public sector and military schemes— including the Defence Force Retirement and Death Benefits (DFRDB) Scheme—is available on our website csc.gov.au

The Public Sector Superannuation Accumulation Plan (**PSSap**) and the Australian Defence Force Superannuation Scheme (**ADF Super**) are open to eligible Australian Government employees and members of the Australian Defence Force. These are accumulation funds meaning super accumulates depending on contributions and investment performance. As ‘not-for-profit funds’ all net investment returns are returned to customers.

PSSap offers access to our insurance product, lifePLUS Cover. This can be a cost effective way to hold insurance, with the benefit of group insurance often meaning lower premiums. These premiums are paid from a customers’ super balance, not take home pay, which can help make finances easy. ADF Cover is our military cover product, available for all ADF members eligible for ADF Super. ADF Cover makes it easy for those in military service to obtain death and invalidity cover at a reasonable cost.

The Public Sector Superannuation Scheme (**PSS**) is a defined benefit scheme which is closed to new customers. The Commonwealth Superannuation Scheme (**CSS**) is a hybrid scheme, being part accumulation and defined benefit. This scheme is also closed to new customers. Eligible PSS and CSS customers can open a PSSap Ancillary account, or access our account based pension product—Commonwealth Superannuation Corporation retirement income (**CSCri**)—giving them more flexibility to make the most of their super. A PSSap Ancillary membership provides the opportunity to grow super, access additional investment options, and take out additional insurance—like income protection. CSCri is designed to complement existing benefits by allowing customers to keep some or all of their super invested while also receiving regular income payments in retirement.

Military Superannuation and Benefits Scheme (**MilitarySuper**) is a hybrid scheme, being part accumulation and defined benefit. This scheme is also closed to new customers.

Our customers

Our customers generally fall into three categories:

- **Those making superannuation contributions** who are either employed by a participating scheme employer (usually an Australian Government entity or the ADF), or customers who were formerly employed by a participating scheme employer, and who elected to continue to contribute to PSSap with their new employer.
- **Those with preserved or deferred benefits** who are no longer able to contribute to their scheme, because they no longer work for a participating employer, or are no longer ADF members. We continue to maintain accounts for these customers and they can generally start making contributions again if they join a participating employer or re-join the ADF.
- **Those receiving a pension** who have retired. Some ex-military members receiving a pension may start making contributions again, if they re-enter the ADF for a period of more than 12 months.

CSC customers also include former spouses, following a family law split; spouses and eligible children of deceased customers; and customers who have multiple superannuation accounts with us.

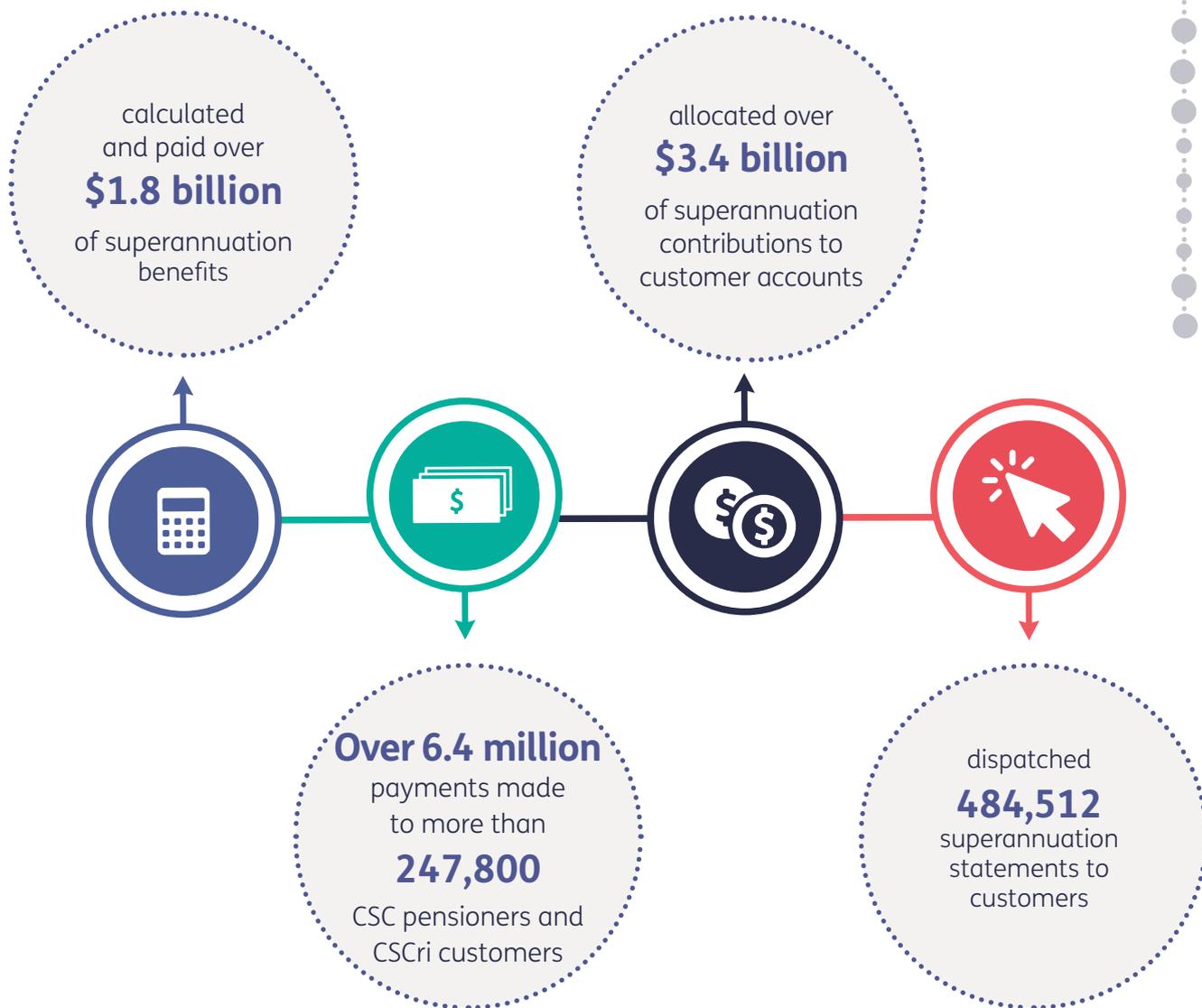


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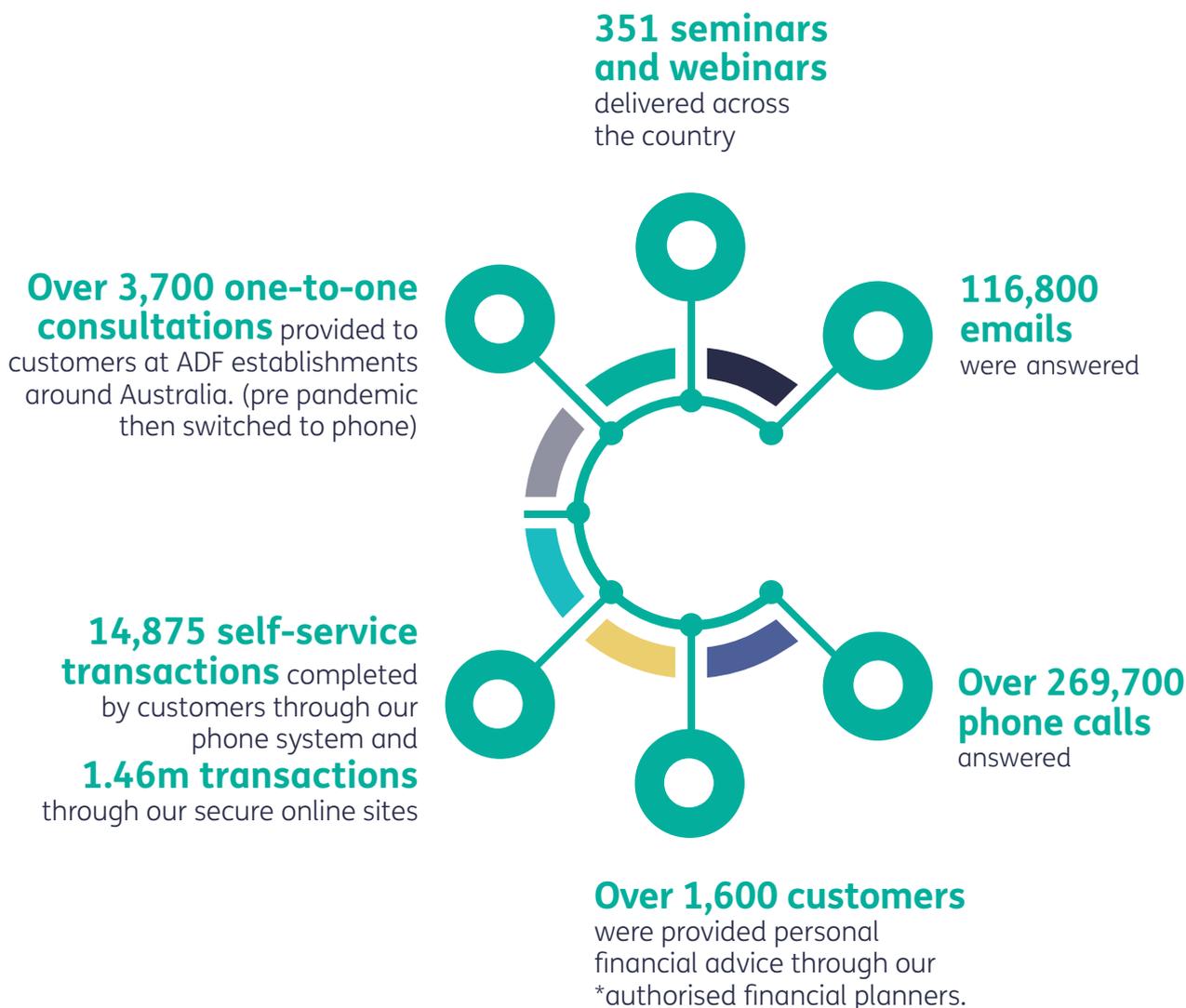
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Our administration



Our services to customers



*Our authorised financial planners are authorised to provide advice by Guideway Financial Services (ABN 46 156 498 538, AFSL 420367). Guideway is a licensed financial services business providing CSC financial planners with support to provide members with specialist advice, education and strategies.

Your investments

Our investment objectives

We aim to achieve consistent long-term returns within a structured risk framework. To achieve this, we manage and invest each scheme's investment option to enable its stated investment objective within strictly defined risk limits. Each scheme is also managed in a way that allows for payment of monies to meet customer benefit payments, and to achieve equity among all customers, as well as exercising care and diligence to maintain and grow the assets of the schemes.

CSC jointly invests the assets of CSS, PSS, MilitarySuper, PSSap and ADF Super, providing economy-of-scale benefits to customers in each regulated scheme. We partner with professional external investment managers for their specialised expertise in the implementation and operational management of CSC's individual investments. This means that CSC's investment options in each scheme benefit from tailored oversight of their exposures, despite the fact that they span a very broad and diversified range of asset classes. Asset allocation and rebalancing ranges are set, fit for the purpose of each of CSC's investment options.

Our strategy

CSC's investment strategy is designed to help all of our customers achieve a standard of living in retirement that is 'comfortable', as defined by ASFA, regardless of whether they retire in strong or weak market conditions. We expect every investment risk we take to improve the probability that our customers' balances will meet the ASFA standard by the time they retire at an assumed age of 65. Note, however, that through these periods of strong equity market returns, CSC customers' investment returns should comfortably exceed targeted objectives.

On the long-term horizon, for customers in our balanced option, we expect to deliver competitive returns with greater certainty of income-sufficiency at retirement.

Our income-focused and aggressive funds are expected to deliver competitive returns consistently as their risk appetite is more directly comparable to that of other funds.

New and innovative opportunities

We actively protect our customers' savings and hunt for robust opportunities to grow their investments without undue risk. We are early adopters of new and innovative investment opportunities, for example:

- Adding further domestic and offshore infrastructure, including renewable energy investments;
- Completed a successful partial sale of Canberra Data Centres (CDC) to lock in some of the "supernormal" returns on this investment over the past three years; and
- Participated in an award-winning telecommunications project refinancing a new satellite in Asia-Pacific.

Holistic assessment of risks including ESG

We continuously assess whether investment returns for assets, net of costs and tax, are sufficient to compensate for any evolving risks to which those assets are exposed and vulnerable. These risks are not just those visible in an asset's short-term earnings; they can also arise long-term in an asset's ecosystem and may reduce potential earnings capacity.

Such "ESG" risks include

- How an asset or business is governed;
- How well it understands its competitive environment;
- The threats and opportunities of technology;
- How it supports, trains, manages and aligns its employees to its purpose and values;
- How it considers and manages its impact on the environment and the community in which it operates.

We believe the most robust insights into these factors come from a strong understanding of the governing body and management of an organisation, and by looking for consistency between a business's long-run strategies and short-term performance.

Our investment philosophy

Our investment purpose is to provide sustainable retirement outcomes to Australian public service and defence customers, and your families.



Our investment performance

Investment performance for each option is calculated after fees and taxes (please note that past performance is no indication of future performance).

Performance is calculated based on the actual value of investment option assets as at the end of the quoted performance period (which is 1 July 2019 to 30 June 2020 for this report) and is indicative only of the returns that a customer achieves on their investment.

Earning rates (for CSS and PSS) and unit prices (for MilitarySuper, PSSap, CSCri and ADF Super) are used for daily customer transactions and will determine the actual performance a customer achieves based on the timing and amount of their individual transactions. The earning rates and unit prices are determined based on the best available information at the time they are declared. Valuations are incorporated into the calculations for earning rates and unit prices as soon as practical after they are received.

Using earning rates or unit prices to calculate investment performance for the 1 July 2019 to 30 June 2020 period will provide similar – but not identical – returns to the investment performance figures published below.

Analysis of CSC’s investment performance is included in our Chair’s report on pages 1–2.

Outlook

The outlook for investment markets is uncertain because of the pressures on growth, inflation and industry structures arising from unusual global circumstances. Interest rates are near or below zero in much of the developed world. Central banks and governments are focused on supporting the incomes of households and businesses that have been interrupted by the global pandemic. Over the year ahead, the distribution of a viable vaccine could result in economic growth recovering strongly. Continued policy initiatives, with pandemic containment, could lead to the emergence of longer-term inflation pressures. Competitive dynamics across most industries, resulting from technological disruption, remain fierce, indeed accelerated in many instances, by the experiences of the pandemic-workplace.

The diversification of our investment portfolios is designed to provide them with resilience against this uncertain outlook. The quality of our underlying assets also means that they are capable of withstanding, in some cases, gaining market share, through stressful conditions such as these. And our pro-active asset allocation strategies mean that we can lean against risks to your savings early, as we did in March this year, and back into opportunities, as they evolve, over the medium-term to ensure that your savings continue to be exposed to vibrant opportunities for growth, without undue risk of loss.

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CSS investment performance summary

Table 2: All CSS options performance over last 15 years to 30 June 2020

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Default Fund	-0.8	5.4	5.5	7.3	7.4	6.2
Cash Investment Option	0.9	1.4	1.5	1.7	2.3	3.1
Australian Inflation	-0.3	1.1	1.3	1.5	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 3: CSS Default Fund and Cash option performance over last five financial years

Financial year	Default	Cash
2015-16	1.9	1.8
2016-17	9.6	1.7
2017-18	9.4	1.5
2018-19	7.9	1.7
2019-20	-0.8	0.9

Note: All returns are calculated after tax and fees and are for the investment option as a whole; these returns are not your personal investment returns in CSS. Past performance is not indicative of future performance.

About CSS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 4: CSS Cash option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	0% (0-100%)	100%	100%

Default Fund option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 5. CSS Default Fund option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0–65%)	9.6%	9.0%
Fixed interest	18% (0–65%)	12.5%	13.3%
Equities	47% (15–75%)	50.6%	55.5%
Property	11% (5–25%)	7.9%	7.7%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	19% (0–30%)	15.5%	10.4%

To manage the level of short-term volatility of returns and maintain appropriate levels of liquidity in the Fund, the target asset allocation to illiquid assets is limited to around 25% of the Default Fund's investments, with a rebalancing range of plus or minus 10% around that target.

FUNDS UNDER MANAGEMENT

Table 6: CSS Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	211.96	268.87
Balanced	2,173.02	1,633.00
Operational Risk Reserve	8.85	6.72
Total	2,393.83	1,908.59

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2020.

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PSS investment performance summary

Table 7: All PSS options performance over last 15 years to 30 June 2020

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Default Fund	-1.1	5.2	5.4	7.2	7.3	6.2
Cash Investment Option	0.8	1.3	1.5	1.6	2.2	3.1
Australian Inflation	-0.3	1.1	1.3	1.5	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 8: PSS Default Fund and Cash options performance over last five financial years

Financial year	Default	Cash
2015-16	1.7	1.7
2016-17	9.5	1.6
2017-18	9.3	1.5
2018-19	7.7	1.7
2019-20	-1.1	0.8

Note: All returns are calculated after tax and fees and are for the investment option as a whole; these returns are not your personal investment returns in PSS. Past performance is not indicative of future performance.

About PSS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 9: PSS Cash option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	0% (0-100%)	100%	100%

Default Fund option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 10: PSS Default Fund option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0–65%)	9.6%	9.0%
Fixed interest	18% (0–65%)	12.5%	13.3%
Equities	47% (15–75%)	50.6%	55.5%
Property	11% (5–25%)	7.9%	7.7%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	19% (0–30%)	15.5%	10.4%

To manage the level of short-term volatility of returns and maintain appropriate levels of liquidity in the Fund, the target asset allocation to illiquid assets is limited to around 25% of the Default Fund's investments, with a rebalancing range of plus or minus 10% around that target.

FUNDS UNDER MANAGEMENT

Table 11: PSS Funds under management

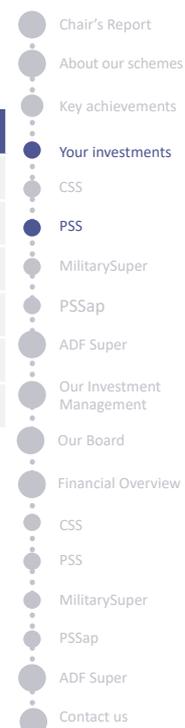
	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	51.01	64.97
Balanced	21,115.92	20,235.20
Operational Risk Reserve	71.19	73.92
Total	21,238.12	20,374.09

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2020.



MilitarySuper investment performance summary

Table 12: All MilitarySuper options performance over last 15 years to 30 June 2020

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Cash	0.7	1.3	1.4	1.6	2.2	3.1
Income Focused	3.5	5.6	5.8	6.0	5.6	4.9
Balanced (default)	-1.1	5.2	5.4	7.1	6.6	5.5
Aggressive	1.7	7.2	6.9	9.0	8.3	5.9
Australian Inflation	-0.3	1.1	1.3	1.5	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 13: All MilitarySuper options performance over last 5 financial years

Financial year	Balanced (default)	Aggressive	Income focused	Cash
2015-16	1.9	1.5	6.1	1.7
2016-17	9.6	11.8	6.1	1.6
2017-18	9.3	10.5	6.2	1.4
2018-19	7.7	9.5	7.0	1.6
2019-20	-1.1	1.7	3.5	0.7

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About MilitarySuper investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 14: MilitarySuper Cash option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	0% (0-100%)	100%	100%

Income Focused option

OBJECTIVE

The objective is to outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 15: MilitarySuper Income Focused option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	21% (10-100%)	26.8%	24.9%
Fixed interest	26% (10-100%)	25.6%	24.3%
Equities	16% (0-40%)	17.4%	17.2%
Property	24% (0-35%)	16.9%	16.9%
Infrastructure	1% (0-35%)	8.3%	6.8%
Alternatives	12% (0-70%)	5.0%	9.9%

Balanced (default) option

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 16: MilitarySuper Balanced (default) option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0-65%)	9.6%	9.0%
Fixed interest	18% (0-65%)	12.5%	13.3%
Equities	47% (15-75%)	50.6%	55.5%
Property	11% (5-25%)	7.9%	7.7%
Infrastructure	1% (0-20%)	3.9%	4.1%
Alternatives	19% (0-30%)	15.5%	10.4%

Aggressive option

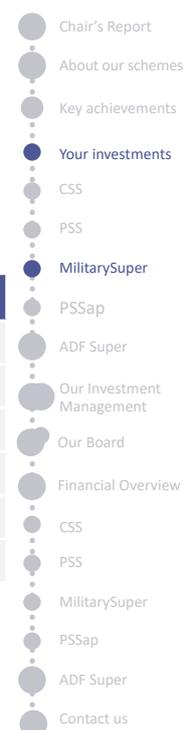
OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.

ASSET ALLOCATION

Table 17: MilitarySuper Aggressive option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	2% (0-35%)	0.5%	4.5%
Fixed interest	4% (0-35%)	4.7%	3.9%
Equities	67% (20-95%)	68.3%	71.4%
Property	16% (0-50%)	11.3%	8.1%
Infrastructure	1% (0-50%)	5.6%	5.5%
Alternatives	10% (0-70%)	9.6%	6.6%



Our investment information

FUNDS UNDER MANAGEMENT

Table 18: MilitarySuper Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	70.49	131.16
Income Focused	55.16	68.50
Balanced (default)	9,256.27	9,154.28
Aggressive	857.47	935.94
Operational Risk Reserve	36.16	39.67
Total	10,275.55	10,329.55

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Other information about our investments

Asset in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2020.

Calculation of unit prices

Your investment in MilitarySuper is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expenses and taxes), divided by the number of all units issued in the investment option.

MilitarySuper uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible.

For further information, refer to the Fees and other costs booklet, which forms part of the **MilitarySuper Product Disclosure Statement (PDS)**, available at csc.gov.au

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PSSap investment performance summary

Table 19: All PSSap options performance over last 15 years to 30 June 2020

Option	1 yr (%)	3 yrs (% pa)	5 yrs (% pa)	7 yrs (% pa)	10 yrs (% pa)	15 yrs (% pa)
Cash	0.7	1.2	1.4	1.6	2.2	3.1
Income Focused	3.6	5.6	5.7	5.9	6.1	5.5
MySuper Balanced (default)	-1.1	5.2	5.3	7.2	7.3	6.3
Balanced (Ancillary customers only)	-1.1	5.2	5.3	7.1	7.3	6.3
Aggressive	1.9	7.2	6.9	9.0	8.8	7.2
Australian Inflation	-0.3	1.1	1.3	1.5	1.8	2.2

Note: All returns are calculated as the annually compounded average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 20: All PSSap options performance over last 5 financial years

Financial year	MySuper Balanced (default)	Aggressive	Balanced (Ancillary)	Income focused	Cash
2015-16	1.8	1.4	1.7	5.7	1.8
2016-17	9.4	11.6	9.4	5.8	1.6
2017-18	9.3	10.5	9.2	6.2	1.4
2018-19	7.7	9.5	7.7	7.1	1.6
2019-20	-1.1	1.9	-1.1	3.6	0.7

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

Table 21: All CSCri options performance over last 7 years to 30 June 2020

Option	1 year (%)	3 years (% pa)	5 years (% pa)	7 years (% pa)
Cash	0.9	1.5	1.7	1.9
Income Focused (default)	4.4	6.2	6.2	6.5
Balanced	-0.3	5.8	5.9	7.9
Aggressive	2.5	8.2	7.6	10.0
Australian Inflation	-0.3	1.1	1.3	1.5

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 22: All CSCri options performance over last 5 financial years

Financial year	Balanced	Aggressive	Income focused (default)	Cash
2015-16	2.2	1.5	6.5	2.2
2016-17	9.9	12.4	5.9	1.9
2017-18	9.8	11.6	6.5	1.7
2018-19	8.2	10.6	7.7	1.9
2019-20	-0.3	2.5	4.4	0.9

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

Table 23: All CSCri TRIS options performance over last 3 years to 30 June 2020

Option	1 year (%)	3 years (% pa)
Cash	0.7	1.2
Income Focused	3.6	5.8
Balanced (default)	-1.0	5.3
Aggressive	2.1	7.4
Australian Inflation	-0.3	1.1

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Table 24: All CSCri TRIS options performance over last last 3 financial years

Financial year	Balanced	Aggressive	Income focused	Cash
2017-18	9.5	10.9	6.7	1.4
2018-19	7.7	9.5	7.2	1.6
2019-20	-1.0	2.1	3.6	0.7

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About PSSap, CSCri and CSCri TRIS investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond Bank Bill Index by investing 100% in cash assets.

ASSET ALLOCATION

Table 25: PSSap & CSCri Cash options asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	0% (0-100%)	100%	100%

Income Focused option

OBJECTIVE

The objective is to outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 26: PSSap Income Focused option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	21% (10–100%)	26.8%	24.9%
Fixed interest	26% (10–100%)	25.6%	24.3%
Equities	16% (0–40%)	17.4%	17.2%
Property	24% (0–35%)	16.9%	16.9%
Infrastructure	1% (0–35%)	8.3%	6.8%
Alternatives	12% (0–70%)	5.0%	9.9%

Table 27: CSCri Income Focused option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	30% (10–100%)	31.8%	28.6%
Fixed interest	23% (10–100%)	25.6%	23.6%
Equities	12% (0–40%)	12.4%	17.3%
Property	24% (0–35%)	16.9%	16.1%
Infrastructure	1% (0–35%)	8.3%	6.5%
Alternatives	10% (0–70%)	5.0%	7.9%

Table 28: CSCri TRIS Income Focused option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	21% (10–100%)	26.8%	24.9%
Fixed interest	26% (10–100%)	25.6%	24.3%
Equities	16% (0–40%)	17.4%	17.2%
Property	24% (0–35%)	16.9%	16.9%
Infrastructure	1% (0–35%)	8.3%	6.8%
Alternatives	12% (0–70%)	5.0%	9.9%

PSSap MySuper Balanced (default) and Balanced (PSSap Ancillary and CSCri) options

PSSap's default investment option is called MySuper Balanced (default). PSSap Ancillary and CSCri customers can also invest in a 'balanced' option (called the Balanced option).

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.



ASSET ALLOCATION

Table 29: PSSap MySuper Balanced (default) option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0–65%)	9.6%	9.0%
Fixed interest	18% (0–65%)	12.5%	13.3%
Equities	47% (15–75%)	50.6%	55.5%
Property	11% (5–25%)	7.9%	7.7%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	19% (0–30%)	15.5%	10.4%

Table 30: Balanced option (PSSap Ancillary customers only) asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0–65%)	9.6%	9.0%
Fixed interest	18% (0–65%)	12.5%	13.3%
Equities	47% (15–75%)	50.6%	55.5%
Property	11% (5–25%)	7.9%	7.7%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	19% (0–30%)	15.5%	10.4%

Table 31: CSCri Balanced option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	15% (0–65%)	13.6%	16.9%
Fixed interest	15% (0–65%)	13.5%	19.6%
Equities	40% (15–75%)	45.6%	41.3%
Property	11% (5–25%)	7.9%	7.5%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	18% (0–30%)	15.5%	10.6%

Table 32: CSCri TRIS Balanced option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0–65%)	9.6%	9.0%
Fixed interest	18% (0–65%)	12.5%	13.3%
Equities	47% (15–75%)	50.6%	55.5%
Property	11% (5–25%)	7.9%	7.7%
Infrastructure	1% (0–20%)	3.9%	4.1%
Alternatives	19% (0–30%)	15.5%	10.4%

Aggressive option

OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.



ASSET ALLOCATION

Table 33: PSSap Aggressive option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	2% (0–35%)	0.5%	4.5%
Fixed interest	4% (0–35%)	4.7%	3.9%
Equities	67% (20–95%)	68.3%	71.4%
Property	16% (0–50%)	11.3%	8.1%
Infrastructure	1% (0–50%)	5.6%	5.5%
Alternatives	10% (0–70%)	9.6%	6.6%

Table 34: CSCri Aggressive option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	2% (0–35%)	0.5%	4.9%
Fixed interest	6% (0–35%)	4.7%	7.4%
Equities	60% (20–95%)	63.3%	60.2%
Property	16% (0–50%)	11.3%	9.9%
Infrastructure	1% (0–50%)	5.6%	5.9%
Alternatives	15% (0–70%)	14.6%	11.7%

Table 35: CSCri TRIS Aggressive option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	2% (0–35%)	0.5%	4.5%
Fixed interest	4% (0–35%)	4.7%	3.9%
Equities	67% (20–95%)	68.3%	71.4%
Property	16% (0–50%)	11.3%	8.1%
Infrastructure	1% (0–50%)	5.6%	5.5%
Alternatives	10% (0–70%)	9.6%	6.6%

FUNDS UNDER MANAGEMENT

Table 36: PSSap Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	192.14	481.94
Income Focused	307.95	364.40
MySuper Balanced	12,018.09	12,333.94
Balanced	155.55	154.20
Aggressive	1,386.02	1,554.15
Operational Risk Reserve	49.50	57.34
Total	14,109.25	14,945.97

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.



Table 37: CSCri Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	17.80	32.37
Income Focused	151.88	177.55
Balanced (Default)	121.89	130.79
Aggressive	19.74	24.83
Operational Risk Reserve	1.10	1.41
Total	312.41	366.95

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.

Table 38: CSCri TRIS Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	2.46	6.01
Income Focused	26.27	22.61
Balanced (default)	29.00	21.73
Aggressive	5.63	3.89
Operational Risk Reserve	0.22	0.21
Total	63.58	54.45

Note: The Operational Risk Reserve is not an investment option. It is required by law for the purpose of providing a source of financial resources to help protect customers' interests should an operational risk event occur, such as the use of an inaccurate unit price to process a transaction that results in losses to the Fund or to customers.



Other information about our investments

Assets in excess of 5% of Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2020.

Calculation of unit prices

Your investment in PSSap is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expense and taxes other than those deducted directly from your account), divided by the number of all units issued in the investment option.

PSSap uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible. The costs associated with the purchase or sale of fund investments are reflected in the unit price for the relevant investment option through a buy-sell spread. For further information, refer to the Fees and other costs booklet, which forms part of the **PSSap Product Disclosure Statement (PDS)**, available at csc.gov.au

ADF Super

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ADF Super investment performance summary

Table 39: All ADF Super investment options performance over last 4 years to 30 June 2020

Option	1 year (%)	3 years (% pa)	4 years (% pa)
Cash	0.7	1.3	1.4
Income Focused	3.4	5.5	5.6
MySuper Balanced (default)	-1.3	5.1	6.2
Aggressive	1.8	7.2	8.3
Australian Inflation	-0.3	1.1	1.3

Note: All returns are calculated as the annually compounded average rate of earnings after tax and fees. Past performance is not indicative of future performance. CPI inflation shown to assist with comparison to objectives.

Investment performance

Table 40: All ADF Super options performance over last 4 financial years

Financial year	MySuper Balanced (default)	Aggressive	Income Focused	Cash
2016-17	9.4	11.6	5.9	1.6
2017-18	9.3	10.6	6.2	1.5
2018-19	7.6	9.4	7.0	1.6
2019-20	-1.3	1.8	3.4	0.7

Note: All returns are calculated as the annual average rate of earnings after fees and taxes. Past performance is not indicative of future performance.

About ADF Super investment options

Cash option

OBJECTIVE

The objective is to preserve its capital and earn a pre-tax return close to that of the Bloomberg AusBond bank bill index by investing 100% in cash assets.

ASSET ALLOCATION

Table 41: ADF Super Cash option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	0% (0-100%)	100%	100%

Income Focused option

OBJECTIVE

To outperform the CPI by 2% per annum over 10 years.

ASSET ALLOCATION

Table 42: ADF Super Income Focused option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	21% (10-100%)	26.8%	24.9%
Fixed interest	26% (10-100%)	25.6%	24.3%
Equities	16% (0-40%)	17.4%	17.2%
Property	24% (0-35%)	16.9%	16.9%
Infrastructure	1% (0-35%)	8.3%	6.8%
Alternatives	12% (0-70%)	5.0%	9.9%

MySuper Balanced (default) option

The ADF Super default option is called the MySuper Balanced option.

OBJECTIVE

The objective is to outperform the CPI by 3.5% per annum over 10 years.

ASSET ALLOCATION

Table 43: ADF Super MySuper Balanced (default) option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	4% (0-65%)	9.6%	9.0%
Fixed interest	18% (0-65%)	12.5%	13.3%
Equities	47% (15-75%)	50.6%	55.5%
Property	11% (5-25%)	7.9%	7.7%
Infrastructure	1% (0-20%)	3.9%	4.1%
Alternatives	19% (0-30%)	15.5%	10.4%

Aggressive option

OBJECTIVE

The objective is to outperform the CPI by 4.5% per annum over 10 years.

ASSET ALLOCATION

Table 44: ADF Super Aggressive option asset allocation

Asset class	Target (range)	Actual at 30 June 2019	Actual at 30 June 2020
Cash	2% (0-35%)	0.5%	4.5%
Fixed Interest	4% (0-35%)	4.7%	3.9%
Equities	67% (20-95%)	68.3%	71.4%
Property	16% (0-50%)	11.3%	8.1%
Infrastructure	1% (0-50%)	5.6%	5.5%
Alternatives	10% (0-70%)	9.6%	6.6%



FUNDS UNDER MANAGEMENT

Table 45: ADF Super Funds under management

	At 30 June 2019 (\$m)	At 30 June 2020 (\$m)
Cash	1.23	3.57
Income Focused	1.32	2.61
MySuper Balanced (default)	263.14	434.24
Aggressive	16.64	33.56
Operational Risk Reserve	0.20	0.40
Total	282.53	474.38

Other information about our investments

Assets in excess of 5% of the Fund

There was no single asset greater than 5% of the total assets of the Fund at 30 June 2020.

Calculation of unit prices

Your investment in ADF Super is valued in units. The unit price for an investment option reflects the total value of assets in the investment option (less expense and taxes other than those deducted directly from your account), divided by the number of all units issued in the investment option.

ADF Super uses units and daily unit prices to process transactions on your account, perform switches between investment options and track the value of your investment in the Fund.

When contributions are paid into your account, that money buys a number of units and the value of each unit (in dollars) is known as the unit price. Each investment option has a different unit price that can change daily, due to changes in investment markets and the value of assets. Investment earnings attributable to your account are reflected in the price of units that you hold.

Generally CSC bases its calculation of the value of assets in each investment option on the latest available market value at the end of each business day. Using these values, CSC will generally calculate the unit price for a given business day on the next business day. For example, CSC will generally calculate the unit price for 1 September (if a business day) and make it available on 2 September (if a business day).

If CSC is unable to determine a unit price for a business day on the following business day due to an unforeseeable event, such as a trading suspension in relevant markets, all reasonable steps will be taken to recommence unit pricing as soon as possible. The costs associated with the purchase or sale of fund investments are reflected in the unit price for the relevant investment option through a buy-sell spread. For further information, refer to the Fees and other costs booklet, which forms part of the **ADF Super Product Disclosure Statement (PDS)**, available at csc.gov.au

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Our investment management

The assets of CSS, PSS, MilitarySuper, PSSap and ADF Super are pooled together in order to deliver investment scale and a cost efficient investment process.

Through the ARIA Investments Trust (AIT), CSC invests in multiple, specialist investment funds and portfolios. Listed below are the investment managers appointed to invest assets, as well as specialist investment funds and portfolios. Investments that represent less than 0.5% of CSC's funds under management as at 30 June 2020 are not included.

- Anchorage Capital Partners Pty Limited
- Antipodes Partners Limited
- Arcadia Funds Management Limited
- AXA Investment Managers
- Balanced Equity Management Pty Limited
- Bridgewater Associates, Inc
- Capital Today
- HRL Morrison & Co (Australia) Pty Limited
- Jennison Associates LLC
- Luxor Capital Group, LP
- Macquarie Investment Management Global Limited
- Magellan Asset Management Limited
- One Equity Partners LP
- Paradice Investment Management Pty Limited
- PGIM, Inc
- Pharo Management (UK) LLP
- Platinum Investment Management Limited
- Schroder Investment Management Australia Limited
- Scopia Capital Management LP
- State Street Global Advisors, Australia, Limited
- Steadfast Financial LP
- Stonepeak Infrastructure Partners
- Sunley House Capital Fund Limited
- T. Rowe Price International Ltd
- Wellington Management Australia Pty Limited

Our derivatives policy

Investment managers who enter into an investment management agreement with CSC may use derivative securities (known as 'derivatives') to facilitate increases or decreases in the Fund's exposure to different investment markets.

Derivatives are financial instruments whose value changes in response to the changes in underlying variables. Examples include futures, options and forward exchange contracts.

Derivatives within investment mandates are mainly used to reduce risk for customers. CSC's investment managers are not permitted to use derivative securities for gearing the Fund or any part of the Fund, or for placing the Fund in a position where it is short in an asset class.

Any investment mandates which permit an investment manager to use derivatives reflect the derivatives policy of the Fund as a whole. If CSC's investment managers are permitted to use derivatives, the limits will be clearly set out in the mandate. CSC's internal investment and operations teams (and custodian) monitor whether derivatives use is consistent with CSC's policy.



Payment of surcharge liability

Surcharge is a tax on surchargeable superannuation contributions. It was abolished in July 2005 but still applies if a customer's adjusted taxable income prior to 2005-06 exceeded a certain amount. If we are informed by the Australian Taxation Office (ATO) that a customer's is assessed as having a surcharge liability, the customer can either have the amount deducted from their final benefit before it is paid, or pay some or all of their surcharge debt at any time before their benefit is payable.

Each scheme maintains a surcharge debt account for each customer to record any surcharge assessments from the ATO, together with any payments made by the customer and any interest required to be imposed.

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Our Board

The Board consists of an independent Chair and 10 other directors. The Minister for Finance (the Minister) chooses five directors in consultation with the Minister for Defence. Of the remaining directors, three are nominated by the President of the Australian Council of Trade Unions (ACTU) and two are nominated by the Chief of the Defence Force. The Minister appoints all directors. From 1 July 2020, the Board will consist of an independent Chair and 8 other directors.

The Chair is appointed by the Minister after consultation with the Minister for Defence, and after the Board has agreed to the person proposed by the Minister.

All directors must meet the fitness and proprietary standards under the *SIS Act*.

Director biographies are available at csc.gov.au



Mrs Patricia Cross

Appointed 13 September 2016 to 12 September 2019;
re-appointed 13 September 2019 to 30 June 2022

- Member of the Audit Committee
- Member of the Risk Committee
- Director of ARIA Co Pty Ltd



Mrs Ariane Barker

Appointed 13 September 2016 to 12 September 2019;
re-appointed 13 September 2019 to 30 June 2022

- Member of the Audit Committee
- Member of the Risk Committee
- Director of ARIA Co Pty Ltd



The Hon. Chris Ellison

Appointed 1 July 2014; re-appointed 1 July 2017 to 30 June 2020;
re-appointed 1 July 2020 to 30 June 2023

- Member of the Board Governance Committee
- Chair of the Remuneration and HR Committee
- Director of ARIA Co Pty Ltd



Ms Nadine Flood

Appointed 1 July 2011; re-appointed 1 July 2014 to 30 June 2017;
re-appointed 1 July 2017 to 30 June 2020

- Nominee of the President of the ACTU
- Member of the Audit Committee
- Member of the Risk Committee
- Director of ARIA Co Pty Ltd



Ms Winsome Hall

Appointed 1 July 2011; re-appointed 1 July 2013 to 30 June 2016;
re-appointed 1 July 2016 to 30 June 2019; re-appointed 1 July 2019 to 30 June 2020

- Nominee of the President of the ACTU
- Member of the Board Governance Committee
- Member of the Remuneration and HR Committee
- Member of the APS Reconsideration Advisory Committee
- Chair of ARIA Co Pty Ltd



Mr Garry Hounsell

Appointed 1 July 2016 to 30 June 2019; re-appointed 1 July 2019 to 30 June 2022

- Chair of the Audit Committee
- Member of the Risk Committee
- Director of ARIA Co Pty Ltd





Mr Sunil Kempfi

Appointed 1 July 2016; re-appointed 1 July 2018 to 30 June 2021; resigned 22 November 2019

- Nominee of the President of the ACTU
- Director of ARIA Co Pty Ltd



Air Vice-Marshal Tony Needham, AM

Appointed 1 July 2016 to 30 June 2019; re-appointed 1 July 2019 to 30 June 2022

- Nominee of the Chief of the Defence Force
- Deputy Chair of the MilitarySuper Reconsideration Committee
- Deputy Chair of the Defence Force Case Assessment Panel
- Director of ARIA Co Pty Ltd



Ms Peggy O'Neal, AO

Appointed 1 July 2011; re-appointed 1 July 2014 to 30 June 2017; re-appointed 1 July 2017 to 30 June 2020

- Member of the Board Governance Committee
- Member of the Remuneration and HR Committee
- Chair of the APS Reconsideration Committee
- Director of ARIA Co Pty Ltd



Air Vice-Marshal Margaret Staib, AM, CSC

Appointed 2 May 2014; re-appointed 2 May 2017 to 1 May 2020; re-appointed 2 May 2020 to 1 May 2023

- Nominee of the Chief of the Defence Force
- Chair of the MilitarySuper Reconsideration Committee
- Chair of the Defence Force Case Assessment Panel
- Chair of the Risk Committee
- Member of the Audit Committee
- Director of ARIA Co Pty Ltd



Dr Michael John Vertigan, AC

Appointed from 1 July 2017 to 30 June 2020; re-appointed 1 July 2020 to 30 June 2021

- Director from 1 July 2011 to 2016
- Chair of the Board Governance Committee
- Member of the Remuneration and HR Committee
- Director of ARIA Co Pty Ltd



Mr Alistair Waters

Appointed 25 February 2020 to 24 February 2023

- Director of ARIA Co Pty Ltd

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Director indemnity

The director or a delegate of the Board, acting in good faith, will not be subject to any action, liability, claim or demand, for anything done (or not done) in the performance of their functions under CSC's governing legislation. CSC, however, may be subject to an action, liability, claim or demand.

As well as legislative indemnity for directors and delegates of the Board, CSC holds trustee liability and comprehensive crime insurance which complies with the *Corporations Act 2001*. CSC has provided all directors with a deed of indemnity, insurance and access.

CSS financial overview 2019–20

Table 46. CSS unaudited financial information for 2019–20

	\$'000
Net assets available to pay benefits as at 30 June 2019	2,410,095
Inflows	
Changes in fair value of investments	(12,655)
Interest	244
Member contributions	30,579
Employer contributions	8,976
Low income superannuation tax offset contributions	8
Government co-contributions	13
Net appropriation from Consolidated Revenue Fund	3,997,639
Outflows¹	
Benefits and pensions paid	(4,480,685)
Income tax expense	(1,383)
Net assets available to pay benefits as at 30 June 2020	1,952,831
Assets and liabilities as at 30 June 2020²	
Investments ³	1,906,143
Cash	50,632
Other receivables	300
Benefits payable	(2,907)
Tax liabilities	(1,337)
Net assets as at 30 June 2020	1,952,831

¹Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.

²Excludes member benefit liabilities of \$63.0 billion, of which \$61.1 billion is funded by the Commonwealth Government.

³The value of investments shown above reconciles with the total Fund values shown in Table 6 on page 11 as follows:

	\$'000
CSS Options	
Default Fund	1,633,001
Cash Investment Option	268,872
Investments backing the operational risk reserve	6,719
Total Fund	1,908,592
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(2,449)
	1,906,143

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The assets of CSS are invested through the AIT, where they are pooled with the investments of CSC’s other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by CSS.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including CSS, and daily earning rates based on the unit prices are published on the CSC website. If you would like to see a copy of CSS audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at csc.gov.au, send an email to members@csc.gov.au, call us on **1300 000 277** or write to CSS, GPO Box 2252, Canberra ACT 2601.

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Table 47. PSS unaudited financial information for 2019–20

	\$'000
Net assets available to pay benefits as at 30 June 2019	21,212,576
Inflows	
Changes in fair value of investments	(200,262)
Insurance premiums charged to customers	3,449
Other revenue	3,165
Member contributions	595,406
Employer contributions	177,778
Low income superannuation tax offset contributions	304
Government co-contributions	787
Net appropriation from Consolidated Revenue Fund	1,234,207
Outflows¹	
Benefits and pensions paid	(2,615,548)
Insurance premiums paid	(3,449)
Income tax expense	(26,270)
Net assets available to pay benefits as at 30 June 2020	20,382,143
Assets and liabilities as at 30 June 2020²	
Investments ³	20,343,742
Cash	78,012
Other receivables	2,226
Benefits payable	(14,216)
Other payables	(1,234)
Net tax liabilities	(26,387)
Net assets as at 30 June 2020	20,382,143

¹Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.

²Excludes member benefit liabilities of \$87.2 billion, of which \$66.9 billion is funded by the Commonwealth Government.

³The value of investments shown above reconciles with the total Fund values shown in Table 11 on page 13 as follows:

	\$'000
PSS Options	
Default Fund	20,235,201
Cash Investment Option	64,973
Investments backing the operational risk reserve	73,915
Total Fund	20,374,089
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(30,347)
	20,343,742

The assets of PSS are invested through the AIT, where they are pooled with the investments of CSC’s other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by PSS.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including PSS, and daily earning rates based on the unit prices are published on the CSC website. If you would like to see a copy of PSS audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at csc.gov.au, send an email to members@pss.gov.au, call us on **1300 000 377** or write to PSS, GPO Box 2252, Canberra ACT 2601.

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Table 48. MilitarySuper unaudited financial information for 2019–20

	\$'000
Net assets available to pay benefits as at 30 June 2019	10,299,250
Inflows	
Changes in fair value of investments	(90,004)
Interest	165
Member contributions	279,242
Employer contributions	162,720
Low income superannuation tax offset contributions	289
Government co-contributions	872
Net appropriation from Consolidated Revenue Fund	943,668
Outflows¹	
Benefits and pensions paid	(1,258,996)
Income tax expense	(24,510)
Net assets available to pay benefits as at 30 June 2020	10,312,696
Assets and liabilities as at 30 June 2020²	
Investments	10,329,547
Cash	31,763
Other receivables	8,812
Benefits payable	(32,489)
Other payables	(483)
Tax liabilities	(24,454)
Net assets as at 30 June 2020	10,312,696

¹Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC. Administrative fees are paid by employers to meet these costs.

²Excludes member benefit liabilities of \$57.8 billion, of which \$47.5 billion is funded by the Commonwealth Government.

The assets of MilitarySuper are invested through the AIT, where they are pooled with the investments of CSC's other schemes.

The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by MilitarySuper.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including MilitarySuper, and daily MilitarySuper unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of MilitarySuper audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in Parliament in October) at csc.gov.au, send an email to members@enq.militarysuper.gov.au, call us on **1300 006 727** or write to MilitarySuper, GPO Box 2252 Canberra ACT 2601.

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Table 49. PSSap unaudited financial information for 2019–20

	\$'000
Net assets available to pay benefits as at 30 June 2019	14,504,909
Revenue	
Interest	926
Changes in fair value of investments	(104,720)
Employer contributions	1,330,152
Member contributions	65,011
Transfers from other funds	522,739
Government co-contributions	242
Low income superannuation tax offset contributions	2,654
Insurance claims received and other revenue	42,116
Total revenue	1,859,120
Insurance premium expense	(101,241)
Other administration expenses	(12,218)
Benefits, transfers and pensions paid and payable	(704,317)
Total expenses¹	(817,776)
Income tax expense	(187,750)
Net increase in net assets available to pay benefits	853,594
Net assets available to pay benefits as at 30 June 2020	15,358,503
Assets and liabilities as at 30 June 2020²	
Investments ²	15,345,249
Cash	209,963
Other assets	1,735
Total assets	15,556,947
Liabilities	
Benefits and pensions payable	(2,187)
Other payables	(9,281)
Current tax liabilities	(186,976)
Total liabilities	(198,444)
Net assets available to pay benefits as at 30 June 2020	15,358,503

¹Expenses relating to investment management were borne by the underlying investments of the Plan. Costs other than those incurred in managing and investing Plan assets are met by CSC and are disclosed as 'other administration expenses' above. Administration fees are paid by customers to cover these costs.

²The value of investments shown above reconciles with the total Fund values shown in table 36 on page 21 and tables 37, 38 on page 22.

	\$'000
PSSap options	
Cash	481,938
Income Focused	364,402
MySuper Balanced	12,333,939
Balanced	154,202
Aggressive	1,554,147

CSCri options	
Cash	32,374
Income Focused	177,537
Balanced	130,794
Aggressive	24,835
Cash – TRIS	6,015
Income Focused – TRIS	22,609
Balanced – TRIS	21,731
Aggressive – TRIS	3,888
Investments backing the operational risk reserve	58,960
Total Fund	15,367,371
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(22,122)
	15,345,249

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The assets of PSSap are invested in the AIT, where they are pooled with the investments of CSC's other schemes. The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by PSSap.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including PSSap, and daily PSSap unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of the PSSap audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in the Parliament in October) at csc.gov.au, send an email to members@pssap.com.au, call us on **1300 725 171** or write to PSSap, Locked Bag 9300, Wollongong DC NSW 2500.

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Table 50. ADF Super unaudited financial information for 2019–20

	\$'000
Net assets available to pay benefits as at 30 June 2019	282,938
Revenue	
Interest	103
Changes in fair value of investments	(7,399)
Employer contributions	181,605
Member contributions	3,529
Transfers from other funds	57,861
Government co-contributions	75
Low income superannuation tax offset contributions	892
Other revenue	2
Total revenue	236,668
Administration and other expenses	(1,487)
Benefits and transfers paid and payable	(16,410)
Total expenses¹	(17,897)
Income tax expense	(27,233)
Net increase in net assets available to pay benefits	191,538
Net assets available to pay benefits as at 30 June 2020	474,476
Assets and liabilities as at 30 June 2020	
Investments ²	473,674
Cash	28,239
Other assets	49
Total assets	501,962
Liabilities	
Benefit payables	133
Other payables	(143)
Current tax liabilities	(27,210)
Total liabilities	(27,486)
Net assets available to pay benefits	474,476

¹ Expenses relating to investment management were borne by the underlying investments of the Scheme. Costs other than those incurred in managing and investing Scheme assets are met by CSC and are disclosed as 'other administration expenses' above. Administration fees are paid by customers to cover these costs. As the Scheme is yet to reach the sufficient scale required to cover its total administration costs from the administration fees paid by customers, the Department of Defence has also contributed further administration funding.

² The value of investments shown above reconciles with the total Fund values shown on table 45 on page 25 as follows.

ADF Super options	
Cash	3,566
Income Focused	2,613
MySuper Balanced	434,244
Aggressive	33,561
Assets backing the operational risk reserve	395
Total Fund	474,379
Add/(less)	
Adjustment from unit pricing to financial statements valuation basis	(705)
Net assets available to pay benefits	473,674

The assets of ADF Super are invested in the AIT, where they are pooled with the investments of CSC’s other schemes. The AIT invests in multiple specialist investment funds and portfolios.

The AIT receives income such as dividends, interest, trust distributions and gains and losses on sale and incurs administration and management expenses including expenses that would otherwise be incurred by ADF Super.

The operating surplus or deficit generated by the AIT is reflected in daily unit prices released by the AIT for its unitholders including ADF Super, and daily ADF Super unit prices based on the AIT unit prices are published on the CSC website. If you would like to see a copy of the ADF Super audited financial statements for this year and the report from the auditor, please refer to our Annual Report to Parliament (which is published and tabled in the Parliament in October) at csc.gov.au, send an email to members@adfsuper.gov.au, call us on **1300 203 3439** or write to ADF Super, Locked Bag 9400, Wollongong DC NSW 2500.

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For all the information you need to make smart choices about your super, visit csc.gov.au

On our website you'll find:

- the **CSS, PSS, MilitarySuper, PSSap, ADF Super Product Disclosure Statements**
- forms and publications to help you manage your account
- news and information
- dates and locations for CSC's free **At Work for You** superannuation seminars
- **Customer Services Online**

If you haven't registered yet, or forgot your password, you can register or reset your password online. If you need help, please contact us.



Commonwealth Superannuation Scheme

EMAIL members@css.gov.au
PHONE 1300 000 277
FAX (02) 6275 7010
MAIL CSS
 GPO Box 2252,
 Canberra, ACT, 2601
WEB csc.gov.au



Public Sector Superannuation Scheme

EMAIL members@pss.gov.au
PHONE 1300 000 377
FAX (02) 6275 7010
MAIL PSS
 GPO Box 2252,
 Canberra, ACT, 2601
WEB csc.gov.au



Military Superannuation & Benefits Scheme

EMAIL members@enq.militarysuper.gov.au
PHONE 1300 006 727
FAX (02) 6275 7010
MAIL MilitarySuper
 GPO Box 2252
 Canberra, ACT, 2601
WEB csc.gov.au



Public Sector Superannuation accumulation plan

EMAIL members@pssap.com.au
PHONE 1300 725 171
FAX 1300 364 144
MAIL PSSap
 Locked Bag 9300,
 Wollongong DC, NSW, 2500
WEB csc.gov.au



Australian Defence Force Superannuation

EMAIL members@adfsuper.gov.au
PHONE 1300 203 439
FAX 1300 204 314
MAIL ADF Super
 Locked Bag 9400,
 Wollongong DC, NSW, 2500
WEB csc.gov.au

If you would like more information about your Fund's investments and governance, you can also contact CSC in one of the following ways:



EMAIL secretary@csc.gov.au
PHONE 1300 001 777
FAX 02 6275 7010
MAIL CSC
 GPO Box 2252
 Canberra ACT 2601
STREET ADDRESS 7 London Circuit
 Canberra, ACT, 2600
WEB csc.gov.au

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