Unless otherwise specified, all investment returns in this Annual Report are for periods ended 30 June 2019 and are net of all fees and tax except the direct Administration fee ($1.30 per week). Past performance is not necessarily a guide to future performance.

This Annual Report includes general information only and does not consider your specific needs. You should consider your own financial position, objectives and requirements and read legalsuper’s Product Disclosure Statement (PDS) before making any decision in relation to legalsuper. The PDS can be obtained at legalsuper.com.au.
Who we are

30 years of specialisation in the legal community

For more than three decades, we have dedicated ourselves to empowering the legal community to build wealth for their life in retirement. This long-term commitment means we have a strong understanding and deep empathy for the needs of the community we serve. We are not a super fund trying to be all things to all people. Our unique insight allows us to focus on the retirement outcomes wanted by people who work in the law.

Founded in 1989, legalsuper is the only industry super fund dedicated to the legal community. We return all profits to members and deliver a tailored service to suit the specific needs of the community we serve.

With 30 years of superannuation expertise, our commitment to the legal community runs deeper than super.

We invest in our members and in the legal community, in ways which advance the wealth accumulation of our members as well as helping them excel professionally. We strive to exceed the high expectations of our community.

44,547
Number of members

9,655
Number of employers

$4.1 billion
Total funds under management

Our membership is made up of 39% of all people working in the legal community.
Our members

Our unique connection with the legal community means we tailor our support, services and product offerings to meet the particular needs of our members, who come from all facets of the law.

44,547

NUMBER OF MEMBERS

By gender:

A. FEMALE 71%
B. MALE 29%

By location:

A. New South Wales 45%
B. Victoria 40%
C. QLD and NT 7%
D. ACT, SA, TAS & Q/S 5%
E. Western Australia 3%

By age:

A. 0-24 8.7%
B. 25-39 39.6%
C. 40-54 31.3%
D. 55-64 13.5%
E. 65+ 6.9%

Employers

legalsuper helps

9,655

employers across Australia who pay their staff’s super into legalsuper.
2019 investment performance

MySuper balanced

legalsuper’s default investment option, MySuper balanced, is designed to provide strong long-term net benefits to members through an asset allocation which suits the needs of most in the legal community.

**MySuper Balanced Investment Return 2018/19:**

6.9%

**MySuper Balanced is where 49% of Legalsuper members are invested.**

- A. MySuper balanced: 49%
- B. Cash: 2%
- C. Enhanced cash: 1%
- D. Conservative: 6%
- E. Conservative balanced: 5%
- F. Balanced: 11%
- G. Balanced Index: 1%
- H. Balanced Socially responsible: 1%
- I. Growth: 11%
- J. High growth: 8%
- K. Overseas shares: 2%
- L. Australian shares: 3%
- M. Direct Investment option: 1%

---

*OLIVIA - PARALEGAL*
<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>NUMBER OF MEMBER ACCOUNTS</td>
<td>42,268</td>
<td>43,560</td>
<td>44,542</td>
<td>44,136</td>
<td>44,547</td>
</tr>
<tr>
<td>NUMBER OF ACTIVE EMPLOYERS</td>
<td>7,946</td>
<td>8,534</td>
<td>9,494</td>
<td>9,655</td>
<td>9,655</td>
</tr>
<tr>
<td>AVERAGE SUPER MEMBER ACCOUNT BALANCE</td>
<td>$56,248</td>
<td>$57,087</td>
<td>$68,700</td>
<td>$76,961</td>
<td>$83,881</td>
</tr>
<tr>
<td>AVERAGE PENSION ACCOUNT BALANCE</td>
<td>$343,617</td>
<td>$340,720</td>
<td>$326,425</td>
<td>$345,659</td>
<td>$350,421</td>
</tr>
<tr>
<td>TOTAL ASSETS UNDER MANAGEMENT ($B)</td>
<td>$2.6</td>
<td>$2.9</td>
<td>$3.3</td>
<td>$3.8</td>
<td>$4.1</td>
</tr>
<tr>
<td>MYSUPER BALANCED INVESTMENT RETURNS</td>
<td>10.0%</td>
<td>3.8%</td>
<td>10.9%</td>
<td>9.4%</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Past performance is not necessarily a guide to future performance.
Welcome

from the Chair & Chief Executive.
We commend our 2018/19 Annual Report to you. It provides a comprehensive view of legalsuper’s performance and development through 2018/19.

The Royal Commission
A key development in 2018/19 was the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry. The Royal Commission put a spotlight on financial institutions which do not always keep the best interests of their members front of mind.

Our purpose
For more than thirty years, legalsuper has been driven by its purpose of empowering the Australian legal community to build wealth for their life in retirement. As an industry fund, we conduct ourselves only to benefit you. We will always act in your best interests. All profits are returned to our members. We do not pay commissions. No dividends are paid to our shareholders.

Investing for your future
legalsuper continues to deliver strong investment returns notwithstanding the somewhat volatile investment markets in 2018/19. We offer a diversified range of investment options, so our members can choose an investment option that suits their risk and return objectives.

Changes in Board members
Our Board includes members of the legal community, so you can be confident you are a member of a well-run fund with a rigorous approach to governance. We thank Viki Rogers and Coralie Kenny who retired during the year and welcome Imogen Sturni and Richard Flitcroft as new Directors.

Improving your member experience
We continue to enhance member experience across all channels to make super easier, more understandable and accessible for our members and employers. The Board continues to focus on developing and delivering initiatives which respond to the changing needs of our members as well as the changing superannuation landscape. While many funds are devolving member services to technology, legalsuper remains committed to providing direct personal support through our national team of experienced Client Service Managers.

In closing
Looking to the future, legalsuper will continue to serve our members’ interests first, creating greater long-term value for both our members and the broader legal community.

Andrew Proebstl
Chief Executive

Kirsten Mander
Independent Chair
Achievements

legalsuper reached $4 billion in assets under management

30

legalsuper, founded in March 1989, turned 30

Two new Directors were appointed to the Board: Imogen Sturni and Richard Flitcroft

New Direct Investment option platform was launched giving members more control over their investments with this SMSF-style alternative

A new and improved website was launched

The Insurance in Superannuation Voluntary Code of Practice came into effect legalsuper adopted the Code, affirming our commitment to the highest standards when providing insurance for our members

legalsuper increased direct involvement in proxy voting in respect of Australian shares

Unit price frequency increased from weekly to daily pricing, reducing the time taken to process investment switches and cash transfers

Ratings, awards & accolades

AAA rating, the highest rating available, from SelectingSuper. According to SelectingSuper:

“An assessment from SelectingSuper the means the fund has passed a comprehensive range of “best practice” measures and benchmarks ranging from the organisation running the fund, to administration, communications, investments mix and extra services.”

4 Apple Rating (silver) from Chant West, a super fund with 4 Apples is a ‘High Quality Fund’:

Focusing on five main criteria: investments, member services, fees, insurance and organisational strengths, a 4 Apple Rating is described as a ‘High Quality Fund’.

5 Heron Quality Stars, the top rating from the Heron Partnership:

“5 Heron Quality stars, it means it is outstanding. This is an outstanding product with a great depth of features and hence flexibility.”

Platinum rating from SuperRatings. Platinum rated funds are in the top 25% of funds rated by SuperRatings and are described as follows:

“A best value for money superannuation fund that is well-balanced across all key assessment criteria - investments, fees and charges, insurance, member servicing and administration in a robust, secure and proven governance risk framework. These funds provide features that should assist most individuals to meet their retirement goal.”

Money Magazine Best Value Insurance in Super Award - 2018 Gold winner:

Policy holders can be confident they’ll be covered in the event of an accident or illness - Money Magazine

Australian Web Awards, Commercial category winner for legalsuper.com.au:

“The Australian Web Awards showcase outstanding work by Australian web designers and developers. Their purpose is to promote the industry, to champion web standards, to acknowledge excellence and to provide marketing advantage to companies working at the highest level.”
Putting members first

Our members are at the heart of everything we do, we are driven to deliver tailored and personal solutions with a constant focus on better retirement outcomes for our members.

Our unique connection to the legal community
For 30 years, legalsuper has been dedicated to helping members of the legal community build wealth for their life in retirement. This long-term involvement and commitment means we can respond directly to the unique needs of the legal community.

In-person support
Our research tells us that our members value personalised service. Our national team of Client Service Managers provide face-to-face education and support to boost confidence, build financial literacy and help our members make informed decisions to achieve better outcomes.

Over the phone advice
We also offer general advice from our contact centre. This means that no matter where our members are, they can access help with their questions about super, like which investment option might suit them and how much they can contribute.

Hands-on approach to feedback
We are committed to listening to and resolving member feedback and concerns. Our team works to identify the root cause of concerns and acts to prevent issues from recurring.

Transforming our digital capabilities
We are continuously transforming our digital capabilities to engage and educate members and employers; leveraging new technologies to deliver tools and platforms which redefine and refine how we can connect with and help our members.

Greater data security
We invest in independent review and audit of the security of our members’ data and our IT environment to continually strengthen our digital security.

Investment choice and control
We offer our super members a choice of 13 investment options, including the Direct Investment option, which offers members the ability to invest directly in a selection of Shares, Listed Investment Companies, Exchange Traded Funds, and Term Deposits. This SMSF-style alternative offers real time trading, for those who want to be more hands-on with their investments.

Improving our service to employers
We are always looking for ways to enhance our support for employers and help them manage their superannuation administrative tasks easily and effectively. We have a dedicated employer team in our contact centre, which can be accessed for fast and skilled assistance. We also visit our employers in person; we are on hand to help set up their systems, answer questions, resolve day-to-day issues and support their staff with educational seminars.

Continuous improvement
We actively seek feedback on the experience of our members and employers so we can evaluate the way we operate and make positive improvements.
“In my experience running the practice, they’ve been true to form, and have helped us out in times we’ve needed help and advice. They’ve been quite reliable in comparison to other industry funds that our staff have been a part of.”

LEGALSUPER EMPLOYER

“… every time I’ve requested information, they have got back to me quickly. I’ve never had a reason not to trust them.”

LEGALSUPER MEMBER

“The representative that has been looking after me for years has been fantastic, always in touch, if I have questions, he’s always available, I couldn’t recommend him more highly.”

LEGALSUPER MEMBER
Committed
to your success

Supporting professional development

We sponsor continuing professional development (CPD) programs across Australia for all law societies, the Australasian Legal Practice Management Association (ALPMA), conveyancing associations and law student associations. Ongoing professional development is an important way for members of the legal community to maintain and enhance their professional skills and promote career development and longevity.

Through the year, our team attended 216 CPD events across the country.

Supporting practice management

We are an Australian Corporate Partner of the Australasian Legal Practice Management Association (ALPMA), the peak body for legal practice managers and leaders across Australia. ALPMA provides an authoritative voice on issues relevant to legal practice management.

Partnership with Leo Cussen Centre for Law

legalsuper is a partner of Leo Cussen Centre for Law, which provides education, training and professional development to strengthen and support the administration of justice and the legal system. Leo Cussen provides Practical Legal Training via the Graduate Diploma in Legal Practice. It also provides continuing professional development (CPD) for lawyers, traineeship programs for entry-level lawyers, training for overseas lawyers seeking admittance to the Australian profession and for lawyers needing to re-qualify, as well as courses for legal support staff.
Supporting a thriving community

Wellbeing in the legal community

legalsuper advocates for wellbeing across the legal profession. We build and foster collaborative partnerships with organisations focused on wellbeing, including working closely with our insurer – OnePath Ltd – to continually improve insurance offerings for those in the legal community.

SANE Australia

We work with SANE Australia to advance the conversation around mental wellbeing. SANE Australia is a national mental health charity making a real difference in the lives of people affected by complex mental health issues through support, research and advocacy. SANE Australia’s work includes mental health awareness, online peer support and information, stigma reduction, and specialist helpline support.

Women in Super

legalsuper has joined with Women in Super, an organisation advocating for a super system devoid of gender-based inequality by working on behalf of its members and women generally with government, unions, employer organisations, regulators and superannuation funds.

Mental health first aid training

legalsuper is actively supporting the development of mental health first aid (MHFA) training, specifically designed for the legal industry. MHFA training is designed to enable non-health professionals to assist a person experiencing a worsening of a mental health problem through education, practical tools and strategies until appropriate professional help is received. Our initiative involves facilitating training across legal organisations to give legal professionals the tools they need to support their peers and thrive.

"I believe it is important for legalsuper to take a forward step in attempting to redefine the culture surrounding mental health by drawing employers’ attention to these kinds of initiatives."

MHFA training participant

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Partnering with leading organisations

We are committed to helping our members achieve their best possible financial future in a continually changing industry landscape. We work closely with the following organisations who all support legalsuper with this commitment.

**INDUSTRY SUPER AUSTRALIA**

Industry Super Australia (ISA) is a collective body acting on behalf of a number of industry funds including legalsuper. All industry super funds are run in the best interest of members with a common goal of providing the best possible retirement outcome for members. ISA manages collective projects on behalf of industry super funds with the objective of maximising the retirement savings of five million industry super members. These projects include research, policy development, government relations and advocacy as well as the industry super fund advertising program.

**AUSTRALIAN COUNCIL OF SUPERANNUATION INVESTORS**

legalsuper is a member of the Australian Council of Superannuation Investors (ACSI). ACSI exists to provide a strong, collective voice on environmental, social and corporate governance (ESG) issues on behalf of its members. ACSI provides research and advice on ESG risks and opportunities which have a material impact on investment outcomes. With the assistance of ACSI, we collaborate to achieve genuine, measurable and permanent improvements in the ESG practices and performance of the companies in which we are invested. ACSI actively contributes to government, parliamentary committees and other relevant public policy forums to promote a regulatory system that is equitable and effective for long-term investors.

**ASSOCIATION OF SUPERANNUATION FUNDS OF AUSTRALIA**

legalsuper is a member of the Association of Superannuation Funds of Australia (ASFA). ASFA is the peak policy, research and advocacy body for Australia’s superannuation industry. Their purpose is to work alongside government bodies and superannuation funds to achieve both good public policy and industry best practice. ASFA is not-for-profit and exists to ensure that policy translates into the best outcome for all retirees.

**AUSTRALIAN INSTITUTE OF SUPERANNUATION TRUSTEES**

legalsuper is a member of the Australian Institute of Superannuation Trustees (AIST). AIST is a national not-for-profit organisation and is the principal advocate and peak representative body for the profit-to-member superannuation sector. AIST plays a key role in policy development and is a leading provider of research. AIST provides professional training and support for trustees and fund professionals to help them meet the challenges of managing superannuation funds and advancing the interests of their fund members.

**ONEPATH LIFE**

For 14 years, legalsuper has worked closely with its insurer, OnePath Ltd. We combine our deep and growing understanding of our members’ insurance needs with our insurer’s capacity to work with us; designing and delivering a range of insurance options tailored for the needs of members of the legal community.
Practical, personal support and advice

Our deep understanding of the legal community enables us to deliver tailored, timely and personalised service to our members and employers. Our customer-focused service model is designed to suit the needs of the legal community.

Phone and online support

We have a skilled and dedicated contact centre which supports our employers and members over the phone, via email and through online chat.

OVER THE PHONE ADVICE
Our contact centre offers general advice. This means that no matter where our members are, they can access help with general super questions.

EMPLOYER SUPPORT
A dedicated employer team exists to offer fast and reliable support to our employers through a direct phone line.

In-person support

Our national team of Client Service Managers provide face-to-face education and support to boost confidence, build financial literacy and make informed decisions for better outcomes.

- In-person meetings for confidential discussions about superannuation and retirement planning
- Workplace seminars about super topics tailored to suit the needs of the workplace
- Employer briefings and updates to super obligations
- Hands-on help with streamlining super administration

1,049 meetings with law firms across Australia

2,115 in-person meetings with members

178 seminars and presentations

Annual Report 2018/19
Investments

Our MySuper balanced investment option, where most members are invested, delivered a return of 6.9% for the year, exceeding the return target of CPI + 3.0% p.a. Investment returns for all investment options are on the following pages. The performance shown here is net of all fees and tax except the direct Administration fee ($1.30 per week).

<table>
<thead>
<tr>
<th></th>
<th>1 year</th>
<th>3 year</th>
<th>5 year</th>
<th>10 year</th>
</tr>
</thead>
<tbody>
<tr>
<td>legalsuper MySuper balanced (%)</td>
<td>6.9</td>
<td>7.2</td>
<td>8.9</td>
<td>8.4</td>
</tr>
<tr>
<td>SuperRatings balanced option median (%)</td>
<td>7.2</td>
<td>8.5</td>
<td>7.6</td>
<td>8.5</td>
</tr>
</tbody>
</table>

SuperRatings is an independent research provider for the superannuation industry. Its research helps super funds monitor and improve their performance and benchmark themselves against their peers.
The financial year in review

In what has been a challenging year for investment markets, all legalsuper investment options delivered positive returns and outperformed their respective return objectives.

Australian listed property was the strongest performing asset sector over the year. However, at the same time, domestic and international shares were key drivers of returns.

While all asset classes produced positive returns, there were many twists and turns along the way.

The MySuper balanced option, our default investment option, returned 6.9% for the year ended 30 June 2019. While this return was lower than previous years, returns were higher over 3, 5 and 10-years being 8.9%, 7.9% and 8.4% p.a. respectively.¹

2018/19 was a challenging year for investors and a timely reminder to members to not let short-term market movements impact decisions they make about their super.

Super is an investment most members will hold for many years until they retire. As returns fluctuate, it is important to focus on long-term returns and make an investment choice which suits your needs and risk appetite.

Other updates

Through 2018/19 changes were made to our investment line-up to enhance investment returns or the investment options available to members.

1. The asset allocation of all diversified options was changed with allocations to alternative assets increased (alternative assets include infrastructure and private debt) and allocations to fixed interest reduced.

2. Three new investment managers were appointed: Ancala, Barwon and Lighthouse.

3. Australian share managers have been transitioned from pooled funds to discrete mandates. One of the impacts of this is that legalsuper is now able to vote in respect of the shares it holds. Previously, when shares were held in a pooled fund, the manager of that pooled fund voted in respect of the shares.

4. Daily unit pricing has been introduced meaning that unit prices are more regularly updated to reflect current valuations.

5. The Direct Investment option (DIO) has been transferred from Macquarie to a platform operated by UBS. This change has significantly enhanced the functionality available to members. Another value benefit is that members can now access and view the DIO platform prior to actually investing.

¹ The performance shown here is net of all fees and tax except the direct Administration fee ($1.30 per week). Returns for legalsuper’s individual investment options do not necessarily reflect the personal returns of individual members.

Investment returns

Superannuation & Transition to Retirement

Investment returns¹ for all superannuation and Transition to Retirement investment options (other than the Direct Investment option (DIO))² for one, five and ten years to 30 June 2019 are set out below. Past performance is not necessarily an indicator of future performance.

<table>
<thead>
<tr>
<th>Investment option</th>
<th>1 year (%)</th>
<th>5 years (% p.a.)</th>
<th>10 years (% p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MySuper balanced</td>
<td>6.9</td>
<td>7.9</td>
<td>8.4</td>
</tr>
<tr>
<td>Cash</td>
<td>1.4</td>
<td>1.6</td>
<td>2.5</td>
</tr>
<tr>
<td>Enhanced cash</td>
<td>1.7</td>
<td>1.8</td>
<td>3.2</td>
</tr>
<tr>
<td>Conservative</td>
<td>4.8</td>
<td>4.7</td>
<td>5.8</td>
</tr>
<tr>
<td>Conservative balanced</td>
<td>6.0</td>
<td>6.3</td>
<td>7.3</td>
</tr>
<tr>
<td>Balanced index</td>
<td>9.6</td>
<td>7.9</td>
<td>N/A²</td>
</tr>
<tr>
<td>Balanced</td>
<td>7.0</td>
<td>7.9</td>
<td>8.3</td>
</tr>
<tr>
<td>Balanced Socially responsible</td>
<td>6.8</td>
<td>6.2</td>
<td>7.6</td>
</tr>
<tr>
<td>Growth</td>
<td>7.2</td>
<td>8.8</td>
<td>9.2</td>
</tr>
<tr>
<td>High growth</td>
<td>7.2</td>
<td>9.4</td>
<td>9.9</td>
</tr>
<tr>
<td>Overseas shares</td>
<td>7.2</td>
<td>9.7</td>
<td>10.6</td>
</tr>
<tr>
<td>Australian shares</td>
<td>7.2</td>
<td>9.1</td>
<td>9.9</td>
</tr>
</tbody>
</table>

¹ The performance shown here is net of all fees and tax except the direct Administration fee ($1.30 per week). Returns for legalsuper’s individual investment options do not necessarily reflect the personal returns of individual members.

² Investment returns for the DIO reflect the net earnings from the individual securities in which the member has chosen to be invested.

³ N/A means that an investment option was not in existence for the full period.
Our approach to investments

The Board
The Board approves the investment strategy. It also receives regular reporting from the Investment Committee and Management.

The Investment Committee
The Board appoints two investment experts as members of the Investment Committee. Certain investment matters are delegated to the Committee and it receives regular reporting from Management.

Management
The Board has delegated management of legalsuper to the Chief Executive. The Chief Investment Officer is responsible for managing, evaluating performance and reporting on legalsuper's investments.

Investment returns

Pension
Investment returns for all Pension investment options (other than the Direct Investment option (DIO)) for one, five and ten years to 30 June 2019 are set out below. Past performance is not necessarily an indicator of future performance.

<table>
<thead>
<tr>
<th>Investment option</th>
<th>1 year (%)</th>
<th>5 years (% p.a.)</th>
<th>10 years (% p.a.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>1.7</td>
<td>1.9</td>
<td>3.0</td>
</tr>
<tr>
<td>Enhanced cash</td>
<td>2.1</td>
<td>2.1</td>
<td>3.9</td>
</tr>
<tr>
<td>Conservative</td>
<td>6.6</td>
<td>6.4</td>
<td>6.5</td>
</tr>
<tr>
<td>Conservative balanced</td>
<td>6.8</td>
<td>7.1</td>
<td>8.1</td>
</tr>
<tr>
<td>Balanced</td>
<td>7.8</td>
<td>8.7</td>
<td>9.1</td>
</tr>
<tr>
<td>Balanced index</td>
<td>10.8</td>
<td>8.6</td>
<td>N/A^</td>
</tr>
<tr>
<td>Balanced Socially respon</td>
<td>7.2</td>
<td>6.8</td>
<td>8.5</td>
</tr>
<tr>
<td>Growth</td>
<td>8.0</td>
<td>9.5</td>
<td>10.1</td>
</tr>
<tr>
<td>High growth</td>
<td>8.0</td>
<td>10.3</td>
<td>11.3</td>
</tr>
<tr>
<td>Overseas shares</td>
<td>7.5</td>
<td>10.5</td>
<td>11.9</td>
</tr>
<tr>
<td>Australian shares</td>
<td>8.8</td>
<td>10.0</td>
<td>10.9</td>
</tr>
</tbody>
</table>

Note: Investment earnings for pension assets are not subject to tax and will, therefore, be higher than returns for superannuation members.

1) The performance shown here is net of all fees and tax except the direct Administration fee ($1.30 per week). These performance figures are for legalsuper’s individual investment options and do not necessarily reflect the personal returns of individual members.

2) Investment returns for the DIO reflect the net earnings from the individual securities in which the member has chosen to be invested.

3) N/A means that an investment option was not in existence for the full period.
Investment options

Single asset class
- Cash
- Enhanced cash
- Australian shares
- Overseas shares

Pre-mixed asset class
- Conservative
- Conservative balanced
- MySuper balanced
- Balanced
- Growth
- High growth
- Balanced index
- Balanced Socially responsible

Self-managed
- Direct Investment option
- Members can self-manage their super by choosing from a menu of individual Shares, Listed Investment Companies, Exchange Traded Funds and Term Deposits.
In investing the savings of its members, legalsuper is guided by the following investment goal and beliefs.

Investment goal

The investment goal of legalsuper is to produce investment products that consistently deliver competitive long-term, risk-adjusted returns for members.

Investment beliefs

1. We believe that optimal decision-making leads to strong member outcomes and is facilitated by appropriate governance structures.
2. We believe that rigorous research of both the expected benefits and potential risks of investment opportunities leads to strong member outcomes.
3. We believe our key comparative advantages are a long-term mindset and our size, and that we can improve member outcomes by exploiting these.
4. We believe that real long-term returns are most important. However, we recognise members have choices and returns relative to peers are also important.
5. We recognise the need to take risk in order for the Fund to achieve its return objectives. Risk is only taken when we think we will be appropriately rewarded for it and is managed through asset allocation, manager selection, overlays and portfolio construction.
6. We aim to capture most of the upside in strong markets and to minimise losses.
7. We believe that asset allocation dictates most of the return and volatility of returns, and that the expected long-term returns and risks are best established through strategic asset allocation.
8. We believe that markets move through cycles and by taking a dynamic approach to managing asset allocation, where we have high conviction, we aim to improve the probability of achieving the Fund’s return and risk objectives.
9. We outsource our asset management to appropriately qualified investment managers. We employ passive managers and also active managers where we have a high level of conviction in their ability to add value net of fees and costs.
10. We believe that environmental (including climate change), social and governance opportunities and risks exist and should be taken into consideration to the extent we can practically do so and within the context of optimising net risk-adjusted returns.
Our investment capability

- Investment Committee
- Internal investment experts
- Chief Investment Officer
- External investment advisers
- Investment managers
- Asset consultant
- Custodian
**Investment committee**

The Investment Committee advises the Board on our investment strategy, monitors investment performance and oversees the implementation of our investment strategy.

Other responsibilities include making recommendations to the Board in respect of:

- Strategic asset allocation including whether any changes may be required
- Risk and return objectives of legalsuper’s investment options
- Investment policies; and
- Appointment or termination of the Asset Consultant or Custodian.

**Independent investment experts**

To further build our investment capability, the Board has decided to include two Investment Experts as members of the Investment Committee. The Investment Experts provide expert independent investment advice to the Investment Committee and Board.

In December 2018 the Board resolved to commission a recruitment search for the two Investment Expert roles. It was agreed that the incumbent Investment Experts (David St. John and Neville Hathaway) would continue in their roles until 31 March 2019. Russell Reynolds Associates were engaged to conduct the recruitment search and at the time of issuing this Annual Report negotiations for the appointment of new Investment Experts were in progress.
Investment consultant and custodian

Willis Towers Watson: asset consultant

Willis Towers Watson has been legalsuper’s asset consultant since April 2013. It is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 associates in more than 140 countries. It provides independent expert investment advice to the Board and Investment Committee.

BNP Paribas: custodian

BNP Paribas Securities Services (BNP Paribas), a wholly owned subsidiary of the BNP Paribas Group, has been legalsuper’s custodian since November 2010. BNP Paribas is a leading global custodian and securities services provider. They provide multi-asset post-trade and asset servicing solutions for buy and sell-side market participants, corporates and issuers.

With local expertise in 36 countries and a global reach covering 90+ markets, their network is one of the most extensive in the industry, enabling clients to maximise their investment opportunities worldwide. For legalsuper, BNP Paribas provides safe custody services, calculates unit prices of investment options, and provides investment performance reporting and analysis.

Investment managers

Thirty-one specialist investment managers have been appointed* to manage the assets invested with legalsuper. In making these appointments, the Board has regard to the advice of its asset consultant (Willis Towers Watson) and other investment consultants.

INVESTMENT MANAGERS AT 30 JUNE 2019 WERE THE FOLLOWING

* Investment manager exposures may change from time to time at the discretion of the Trustees. This listing excludes investments that are made by the member in the Direct Investment option.

CHANGES IN INVESTMENT MANAGERS IN 2018/19:

Appointments:
Ancala, Barwon Investment Partners, Lighthouse

Terminations:
None
The following tables set out legalsuper’s 20 largest security holdings and its % of asset class for Australian shares, overseas shares and property.

<table>
<thead>
<tr>
<th>Australian shares</th>
<th>% of asset class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1  BHP Group Limited</td>
<td>5.78%</td>
</tr>
<tr>
<td>2  Commonwealth Bank of Australia</td>
<td>5.36%</td>
</tr>
<tr>
<td>3  Westpac Banking Corporation</td>
<td>5.13%</td>
</tr>
<tr>
<td>4  CSL Limited</td>
<td>4.03%</td>
</tr>
<tr>
<td>5  National Australia Bank Limited</td>
<td>3.30%</td>
</tr>
<tr>
<td>6  Macquarie Group Limited</td>
<td>3.17%</td>
</tr>
<tr>
<td>7  Australia &amp; New Zealand Banking Group</td>
<td>2.29%</td>
</tr>
<tr>
<td>8  Transurban Group</td>
<td>2.28%</td>
</tr>
<tr>
<td>9  Aurizon Holdings Limited</td>
<td>2.24%</td>
</tr>
<tr>
<td>10  Atlas Anteria</td>
<td>2.06%</td>
</tr>
<tr>
<td>11  Woodside Petroleum Limited</td>
<td>2.03%</td>
</tr>
<tr>
<td>12  Origin Energy</td>
<td>1.93%</td>
</tr>
<tr>
<td>13  Brambles Limited</td>
<td>1.96%</td>
</tr>
<tr>
<td>14  James Hardie Industries PLC</td>
<td>1.95%</td>
</tr>
<tr>
<td>15  QBE Insurance Group Limited</td>
<td>1.93%</td>
</tr>
<tr>
<td>16  Carsales.com Limited</td>
<td>1.89%</td>
</tr>
<tr>
<td>17  Orica Limited</td>
<td>1.80%</td>
</tr>
<tr>
<td>18  Alumina Ltd</td>
<td>1.47%</td>
</tr>
<tr>
<td>19  Woolworths Group Ltd</td>
<td>1.46%</td>
</tr>
<tr>
<td>20  Seek Limited</td>
<td>1.42%</td>
</tr>
</tbody>
</table>
## Top 20 security holdings
as at 30 June 2019

<table>
<thead>
<tr>
<th>International shares</th>
<th>% of asset class</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Microsoft Corp</td>
<td>2.44%</td>
</tr>
<tr>
<td>2 Alphabet Inc</td>
<td>2.30%</td>
</tr>
<tr>
<td>3 HDFC</td>
<td>2.04%</td>
</tr>
<tr>
<td>4 Facebook Inc</td>
<td>1.98%</td>
</tr>
<tr>
<td>5 Apple Inc</td>
<td>1.93%</td>
</tr>
<tr>
<td>6 United Health Group</td>
<td>1.20%</td>
</tr>
<tr>
<td>7 Amazon.com Inc</td>
<td>0.99%</td>
</tr>
<tr>
<td>8 Mastercard Inc</td>
<td>0.94%</td>
</tr>
<tr>
<td>9 Samsung Electronics (Pref)</td>
<td>0.94%</td>
</tr>
<tr>
<td>10 Adobe Inc</td>
<td>0.93%</td>
</tr>
<tr>
<td>11 Taiwan Semiconductor Co</td>
<td>0.74%</td>
</tr>
<tr>
<td>12 Visa Inc</td>
<td>0.74%</td>
</tr>
<tr>
<td>13 Nestle SA</td>
<td>0.70%</td>
</tr>
<tr>
<td>14 Salesforce.com Inc</td>
<td>0.63%</td>
</tr>
<tr>
<td>15 AIA Group</td>
<td>0.57%</td>
</tr>
<tr>
<td>16 Unilever NV</td>
<td>0.55%</td>
</tr>
<tr>
<td>17 Abbott Laboratories</td>
<td>0.54%</td>
</tr>
<tr>
<td>18 Procter Gamble</td>
<td>0.53%</td>
</tr>
<tr>
<td>19 Alibaba Group</td>
<td>0.51%</td>
</tr>
<tr>
<td>20 Citigroup Inc</td>
<td>0.50%</td>
</tr>
</tbody>
</table>

## Top 20 property holdings
as at 30 June 2019

<table>
<thead>
<tr>
<th>Property</th>
<th>% of asset class</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gateway, 1 Macquarie Place, Sydney, NSW</td>
<td>3.77%</td>
</tr>
<tr>
<td>Westfield Miranda, Sydney, NSW</td>
<td>3.67%</td>
</tr>
<tr>
<td>Westfield Carindale, QLD</td>
<td>3.44%</td>
</tr>
<tr>
<td>Westfield Marion, SA</td>
<td>2.98%</td>
</tr>
<tr>
<td>Sunshine Plaza, QLD</td>
<td>2.90%</td>
</tr>
<tr>
<td>International Towers Sydney - Tower One, NSW</td>
<td>2.74%</td>
</tr>
<tr>
<td>Darling Park 1&amp;2 (50%), NSW</td>
<td>2.47%</td>
</tr>
<tr>
<td>Macarthur Square, NSW</td>
<td>2.37%</td>
</tr>
<tr>
<td>Lakeside Joondalup, WA</td>
<td>2.34%</td>
</tr>
<tr>
<td>1 Farrer Place, Sydney, NSW</td>
<td>2.33%</td>
</tr>
<tr>
<td>International Towers Sydney - Tower Two, NSW</td>
<td>2.31%</td>
</tr>
<tr>
<td>MLC Centre, Sydney, NSW</td>
<td>2.31%</td>
</tr>
<tr>
<td>Erina Fair, NSW</td>
<td>2.26%</td>
</tr>
<tr>
<td>International Towers Sydney - Tower Three, NSW</td>
<td>2.12%</td>
</tr>
<tr>
<td>Cairns Central, QLD</td>
<td>2.09%</td>
</tr>
<tr>
<td>Darling Quarter, Sydney, NSW</td>
<td>1.72%</td>
</tr>
<tr>
<td>Liberty Place (50%), NSW</td>
<td>1.71%</td>
</tr>
<tr>
<td>Coodeiland Central, QLD</td>
<td>1.68%</td>
</tr>
<tr>
<td>Riverside Centre, QLD</td>
<td>1.65%</td>
</tr>
<tr>
<td>530 Collins St, VIC</td>
<td>1.61%</td>
</tr>
</tbody>
</table>
Investment options

MySuper balanced

**RETURN OBJECTIVE:**
To outperform an average annual return of CPI + 3.0% p.a. over rolling 10-year periods after all tax and fees except the direct Administration fee ($130 per week). This option is only available to Employer-sponsored members.

**RISK PROFILE:**
Offers a greater emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to reduce short-term risks. This option is likely to produce a negative return in 3 to 4 years every 20 years.

**RISK LEVEL:**
Medium to High.

Enhanced cash

**RETURN OBJECTIVE:**
To outperform the Bloomberg Ausbond Bank Bill Index over rolling 5-year periods, after investment fees, before tax and administration fees.

**RISK PROFILE:**
This option seeks to outperform the benchmark through taking on a number of risks, principally credit risk, in a process of active management. Capital invested in this option is not guaranteed. This option is likely to produce a negative return 6 months to one year in every 20 years.

**RISK LEVEL:**
Low

Cash

**RETURN OBJECTIVE:**
To at least match the Bloomberg Ausbond Bank Bill Index over rolling 5-year periods, after investment fees, before tax and administration fees.

**RISK PROFILE:**
Likely to produce the lowest long-term investment returns with the fewest fluctuations from year to year. Capital invested in this option is not guaranteed. This option is likely to produce a negative return less than 6 months in every 20 years.

**RISK LEVEL:**
Very low

Conservative

**RETURN OBJECTIVE:**
To outperform an average annual return of CPI + 2.0% p.a. (pension objective: CPI + 2.5%) over rolling 10-year periods after all tax and fees except the direct Administration fee ($130 per week).

**RISK PROFILE:**
Offers the likelihood of higher long-term investment returns than cash with greater fluctuations from year to year. Capital invested in this option is not guaranteed. This option is likely to produce a negative return 1 to 2 years in every 20 years.

**RISK LEVEL:**
Low to Medium
Balanced index

RETURN OBJECTIVE:
To outperform an average annual return of CPI + 2.8% p.a. over rolling 10-year periods (pension objective: CPI + 3.3%), after all tax and fees except the direct Administration fee ($1.30 per week).

RISK PROFILE:
Offers an emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to reduce short-term risks. The strategy is passively invested which is lower-cost but provides diversified exposures to selected listed asset classes like Australian shares, Overseas shares, Australian property securities and Australian cash. This option is likely to produce a negative return 3 to 4 years in every 20 years.

RISK LEVEL:
Medium to High

Balanced

RETURN OBJECTIVE:
To outperform an average annual return of CPI + 3.0% p.a. over rolling 10-year periods (pension objective: CPI + 3.5%), after all tax and fees except the direct Administration fee ($1.30 per week).

RISK PROFILE:
Offers greater emphasis on shares and property to achieve higher returns, but includes some lower-risk assets to moderate short-term risks. Investments are made with a focus on managing sustainability and environmental, social and governance (ESG) risks. This option is likely to produce a negative return 3 to 4 years in every 20 years.

RISK LEVEL:
Medium to High

Conservative balanced

RETURN OBJECTIVE:
To outperform an average annual return of CPI + 2.5% p.a. over rolling 10-year periods (pension objective: CPI + 3.0%), after all tax and fees except the direct Administration fee ($1.30 per week).

RISK PROFILE:
Involves a mix of assets to achieve higher returns, while reducing short-term risks. This option is likely to produce a negative return 2 to 3 years in every 20 years.

RISK LEVEL:
Medium
**Growth**

**RETURN OBJECTIVE:**
To outperform an average annual return of CPI + 3.5% p.a. over rolling 10-year periods (pension objective: CPI + 4.0%), after all tax and fees except the direct Administration fee ($130 per week).

**RISK PROFILE:**
Offers a greater emphasis on shares and property and therefore carries a higher level of investment risk. Short-term fluctuations will occur, but higher investment returns are expected over longer periods. This option is likely to produce a negative return 4 to 6 years in every 20 years.

**RISK LEVEL:**
High

---

**High growth**

**RETURN OBJECTIVE:**
To outperform an average annual return of CPI + 4.0% p.a. over rolling 10-year periods (pension objective: CPI + 4.5%), after all tax and fees except the direct Administration fee ($130 per week).

**RISK PROFILE:**
Offers the strongest emphasis on shares and property and therefore carries the highest level of investment risk out of all the diversified portfolios. Short-term fluctuations will occur, but higher investment returns are expected over longer periods. This option is likely to produce a negative return 4 to 6 years in every 20 years.

**RISK LEVEL:**
High

---

**Overseas shares**

**RETURN OBJECTIVE:**
To outperform the return of the applicable composite overseas shares index, net of fees, over rolling 10-year periods after all tax and fees except the direct Administration fee ($130 per week).

**RISK PROFILE:**
100% invested in overseas shares and therefore carries a high level of investment risk. Short-term fluctuations will occur, but the highest investment returns are expected over longer periods. This option is likely to produce a negative return approximately 5 years in every 20 years.

**RISK LEVEL:**
High

---

**Australian shares**

**RETURN OBJECTIVE:**
To outperform the return of the S&P/ASX300 Accumulation index, net of fees, over rolling 10-year periods after all tax and fees except the direct Administration fee ($130 per week).

**RISK PROFILE:**
100% invested in Australian shares and therefore carries a very high level of investment risk. Short-term fluctuations will occur, but the highest investment returns are expected over longer periods. This option is likely to produce a negative return approximately 6 years in every 20 years.

**RISK LEVEL:**
Very high
Direct Investment option

This option gives members greater choice and control over how their super is invested. This SMSF-style alternative suits those who want to be actively involved in managing their super.

Members have the flexibility to invest in:

- Shares in the S&P/ASX 300 Index
- Exchange Traded Funds (ETFs)
- Listed Investment Companies (LICs)
- Term Deposits
Direct Investment option
as at 30 June 2019

The most selected investments held within Direct Investment option (by portfolio value ($)) were as follows:

### Top 20 shares from the ASX 300

| Code | Company Name
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>TLS</td>
<td>Telstra Corporation Limited</td>
</tr>
<tr>
<td>BHP</td>
<td>BHP Group Limited</td>
</tr>
<tr>
<td>CSL</td>
<td>CSL Limited</td>
</tr>
<tr>
<td>CBA</td>
<td>Commonwealth Bank of Australia</td>
</tr>
<tr>
<td>WBC</td>
<td>Westpac Banking Corporation</td>
</tr>
<tr>
<td>ANZ</td>
<td>Australia and New Zealand Banking Group Limited</td>
</tr>
<tr>
<td>NCM</td>
<td>Newcrest Mining Limited</td>
</tr>
<tr>
<td>RIO</td>
<td>Rio Tinto Limited</td>
</tr>
<tr>
<td>NAB</td>
<td>National Australia Bank Limited</td>
</tr>
<tr>
<td>MQG</td>
<td>Macquarie Group Limited</td>
</tr>
<tr>
<td>RHC</td>
<td>Ramsay Health Care Limited</td>
</tr>
<tr>
<td>WOW</td>
<td>Woolworths Group Limited</td>
</tr>
<tr>
<td>WPL</td>
<td>Woodside Petroleum Ltd</td>
</tr>
<tr>
<td>EVN</td>
<td>Evolution Mining Ltd</td>
</tr>
<tr>
<td>TOL</td>
<td>Transurban Group</td>
</tr>
<tr>
<td>CDH</td>
<td>Cochlear Limited</td>
</tr>
<tr>
<td>NST</td>
<td>Northern Star Resources Ltd</td>
</tr>
<tr>
<td>ASX</td>
<td>ASX Limited</td>
</tr>
<tr>
<td>QOR</td>
<td>Gold Road Resources Ltd</td>
</tr>
<tr>
<td>IAG</td>
<td>Insurance Australia Group Limited</td>
</tr>
</tbody>
</table>

### Top 10 Listed Investment Companies

| Code | Company Name
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>AFI</td>
<td>Australian Foundation Investment Co Limited</td>
</tr>
<tr>
<td>MLT</td>
<td>Milton Corp Limited</td>
</tr>
<tr>
<td>ARG</td>
<td>Argo Investments Limited</td>
</tr>
<tr>
<td>BKI</td>
<td>BKI Investment Co Ltd</td>
</tr>
<tr>
<td>PMO</td>
<td>Platinum Capital Ltd</td>
</tr>
<tr>
<td>WHF</td>
<td>Whitefield Ltd</td>
</tr>
<tr>
<td>WAM</td>
<td>WAM Capital Ltd</td>
</tr>
<tr>
<td>WAA</td>
<td>WAM Active Ltd</td>
</tr>
<tr>
<td>MFF</td>
<td>MFF Capital Investments Ltd</td>
</tr>
<tr>
<td>DJW</td>
<td>Djemiwah Investments Ltd</td>
</tr>
</tbody>
</table>

### Top 10 Exchange Traded Funds

| Code | Fund Name
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>VTS</td>
<td>Vanguard Total Stock Market Shares Index ETF</td>
</tr>
<tr>
<td>VAS</td>
<td>Vanguard Australian Shares Index ETF</td>
</tr>
<tr>
<td>IVV</td>
<td>iShares S&amp;P 500 ETF</td>
</tr>
<tr>
<td>USD</td>
<td>BetaShares US Dollar ETF</td>
</tr>
<tr>
<td>VEU</td>
<td>Vanguard FTSE All-World ex-US ETF</td>
</tr>
<tr>
<td>IOZ</td>
<td>iShares Core S&amp;P/ASX 200 ETF</td>
</tr>
<tr>
<td>BEAR</td>
<td>BetaShares Australian Equities Bear Hedge Fund</td>
</tr>
<tr>
<td>VAP</td>
<td>Vanguard Australian Property Securities Index ETF</td>
</tr>
<tr>
<td>IOO</td>
<td>iShares Global 100 ETF</td>
</tr>
<tr>
<td>WXHG</td>
<td>SPDR S&amp;P World ex Australia (Hedged) Fund ETF</td>
</tr>
</tbody>
</table>

All responsibility for the investment decisions in the DIO rests with the member. The inclusion of a share, ETF, LIC or term deposit as an allowable investment within the DIO is not an endorsement or recommendation by the Trustee as to the suitability of that investment.
Other investment information

Overall asset allocation

The overall asset allocation across all of legalsuper at 30 June 2019 and the preceding year was as follows:

<table>
<thead>
<tr>
<th>Asset class</th>
<th>30 June 2018</th>
<th>30 June 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australian shares</td>
<td>28.6%</td>
<td>29.3%</td>
</tr>
<tr>
<td>Overseas shares</td>
<td>27.0%</td>
<td>28.5%</td>
</tr>
<tr>
<td>Property</td>
<td>10.4%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Alternative assets</td>
<td>10.7%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Fixed interest</td>
<td>18.0%</td>
<td>11.9%</td>
</tr>
<tr>
<td>Cash/Enhanced cash</td>
<td>7.1%</td>
<td>7.0%</td>
</tr>
<tr>
<td>Diversified</td>
<td>2.0%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Investments greater than 5% of total assets

Three separately managed investment mandates held by legalsuper at 30 June 2019 were in excess of 5% of the total market value of investments held (Yarra Capital, Solaris and Cooper Investors). As at 30 June 2019, the following investment managers invested more than 5% of legalsuper’s total assets:

<table>
<thead>
<tr>
<th>Investment manager</th>
<th>Total assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Street Global Advisors</td>
<td>9.6%</td>
</tr>
<tr>
<td>Cooper Investors</td>
<td>7.4%</td>
</tr>
<tr>
<td>Solaris</td>
<td>7.3%</td>
</tr>
<tr>
<td>Yarra Capital Management</td>
<td>7.3%</td>
</tr>
<tr>
<td>Colonial First State</td>
<td>6.8%</td>
</tr>
<tr>
<td>PIMCO</td>
<td>6.9%</td>
</tr>
</tbody>
</table>

Environmental, social and corporate governance

The Board has approved an Environmental, Social and Governance (ESG) Policy, which acknowledges that ESG factors can affect the value and therefore long-term financial performance of the companies and the funds in which legalsuper invests on behalf of its members.

The acknowledgement that ESG opportunities and risks (including climate change) exist and can impact our members is also reflected in the investment beliefs which have been adopted by the Board.
Balanced Socially responsible

legalsuper offers members an ESG investment option: the Balanced Socially responsible investment option. ESG criteria applies to the selection of investments in this option, including labour standards, climate change mitigation, human rights, child labour and the exclusion of tobacco, pornography, armament and gambling stocks. The Balanced Socially responsible option is invested in the AMP Capital Ethical Leaders Fund range, which has a very clear mission – to invest for the long-term while making the world a better place. For more information, visit ampcapital.com/ethicalsuperinvesting.

Australian Council of Superannuation Investors

legalsuper is a member of the Australian Council of Superannuation Investors (ACSI). ACSI exists to provide a strong, collective voice regarding ESG issues on behalf of its members. ACSI provides research and advice on ESG risks and opportunities which have a material impact on investment outcomes. Through ACSI, we have the ability to collaborate to achieve genuine, measurable and permanent improvements in the ESG practices and performance of the companies we invest in. ACSI actively contributes to government, parliamentary committees and other relevant public policy forums to promote a regulatory system that is equitable and effective for long-term investors.

Proxy voting for Australian and overseas shares

Proxy voting is an important way for shareholders to influence a company’s governance and business practices. In 2018/19 the Board resolved to convert its Australian share investment mandates into direct mandates, replacing the previous arrangement of investing in pooled investment vehicles. This change means that legalsuper is able to directly proxy vote in respect of its investments in Australian shares.

Social infrastructure

Social infrastructure has an important role in both the economic development of our nation and the development of the community’s quality of life. Social infrastructure enhances social wellbeing and furthers economic growth by providing basic services and facilities which allow businesses to develop and flourish. During 2018/19 legalsuper increased investment exposure to assets within social infrastructure.

New manager: Lighthouse Investment Services

During 2018/19, Lighthouse Investment Services was appointed as an investment manager. Lighthouse specialises in socially responsible share portfolios. Lighthouse contributes 5% of its gross revenue to groups promoting worthwhile social or environmental causes.
Our people and their expertise

Our culture
Our rigorous hiring process ensures that our employees are not just smart and capable, but also passionate and dedicated – with a growth and improvement mindset. We foster a culture that is committed to going above and beyond to deliver unexpectedly outstanding service to our members.

Professional development
To provide beyond expected service, legalsuper recognises the need to nurture and retain its employees. Staff are encouraged to undertake training on superannuation and also in their respective areas of expertise. Team members who provide information to members undertake ongoing training to keep abreast of changes in superannuation. Every year, all staff attend a strategic planning and professional development meeting, where expert speakers are invited to brief the team on current industry trends and developments and training consultants facilitate professional development sessions. legalsuper also encourages and supports staff to undertake further studies, both by paying the cost of work-related study and providing study leave.

Flexibility
We understand the need for employees to have flexibility to work on their terms to unleash a greater level of productivity. We are committed to retaining our skilled and dedicated staff and actively support employees by providing flexible workplace arrangements.

Wellbeing
legalsuper places importance on the health and wellbeing of its staff. All staff have access to an Employee Assistance Program and are encouraged to attend confidential counselling, wellbeing coaching, people leadership advice and additional support services. legalsuper is committed to providing a healthy workplace for all employees. We are proactive in promoting a healthy and safe work environment.

Diverse thought, shared values
We place immense value in diversity of thought across the organisation and work collaboratively towards shared goals, with shared values, striving to provide service and products which are beyond expected.
Resignations and retirements

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>3</td>
</tr>
</tbody>
</table>

New hires

<table>
<thead>
<tr>
<th></th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>7</td>
<td>5</td>
</tr>
</tbody>
</table>

Executives and staff

A. Female 50%
B. Male 50%

The Trustee of legalsuper is Legal Super Pty Ltd. Its shareholders are, in equal proportion, the Law Institute of Victoria and Law Society of New South Wales.
Stewardship

Our leadership comes from within the legal community, with a Board consisting of well-respected leaders from across the legal profession. Rigorous processes and strength of stewardship ensures sound governance, accountability and reliability. We operate with full transparency and are committed to increasing the quality of our offering.

Our Board has 10 Directors including an Independent Chair who is appointed by the Board. The other 9 Directors are nominated by the following organisations:

| Chair: Required to be an independent Director and is nominated by the Board. |
|---|---|
| 5 Member Directors | Nominated by | 4 Employer Directors | Nominated by |
| Australian Services Union (Victorian Private Sector branch) | Law Society of New South Wales |
| United Services Union | Law Institute of Victoria |
| Victorian Bar Inc. |

Committees

The Board has established four Committees with specialized responsibilities. Directors are delegated to the Board-appointed Committees, who then report to the full Board Meeting. The four Committees are:

- Administration & Insurance
- Audit, Risk & Governance
- Investment
- Remuneration & Nomination

Executive Management

The executive team is responsible for overseeing the management of legalsuper.

The Board has appointed a Chief Executive – Andrew Proebstl – who is assisted by the executive team. The executive team oversees the operations of legalsuper, monitors its service providers and advises and supports the Board and its Committees.

Chief Executive
Andrew Proebstl

Executive team

- Executive Manager, Operations & Member Services: David Eastwood
- Executive Manager, Member Experience: Patsy Mullen
- Chief Investment Officer: Edward Smith
- Executive Manager, Legal, Risk & Compliance: Kaye Wheatley-Brown
The Board

The Board has identified the skills, experience and qualities needed to ensure proper and effective oversight of the business, now and into the future. The Board ensures that Directors collectively have the requisite mix of skills, experience, expertise and diversity. The Board’s roles and responsibilities are set out in a Charter. Its roles and responsibilities include the following:

- approving strategy and policy;
- appointing the Chief Executive and evaluating performance;
- overseeing compliance with legal and regulatory requirements; and
- ensuring effective audit, risk management, internal controls and financial reporting processes are in place.
Kirsten Mander
Independent Chair of the Board

Appointment date
15 December 2017

Nominating organisation
Independent, appointed by the Board of legalsuper

Qualifications
Master of Laws, University of Melbourne
Fellow, Australian Institute of Company Directors
Fellow, Australian Risk Management Institute

Experience
Non-Executive Director & Chair, Audit & Risk Committee, Peninsula Health (2017-current)
Non-Executive Director, Supporting People (2017-current)
Non-Executive Director, Energy Retailers Association of Australia (2008-2016)
Deputy Chair, Women's Circus Limited (2008-2011)
Non-Executive Director, Alternative Technology Association (2008-2009)
Non-Executive Director, Ethics Committee, Law Council of Victoria (2001-2004)

Andrew Boog
Employer Director

Appointment date
28 April 2017

Nominating organisation
Law Society of New South Wales

Qualifications
Bachelor of Economics, Australian National University
Bachelor of Laws, Australian National University
Registered Tax Agent, Tax Practitioners Board
Accredited Specialist, Business Law
Public Practice Certificate, CPA Australia
Master of Laws (College of Law)
 Fellow, CPA Australia
Fellow, Institute of Managers and Leaders
Fellow, Australian Institute of Company Directors
Certified Tax Adviser, Taxation Institute
Nationally Accredited Mediator
Master of Business Administration, Herley Business School
Master of Arts, Biola University
Certificate IV in Workplace Training and Assessment, NSW TAFE

Experience
Chair, Professional Standards Committee, Anglican Diocese of Bathurst (2018-current)
Chair, Wellington Christian Parent Controlled School Ltd (2017-current)
Richard Fleming
Employer Director
Appointment date 27 May 2016
Nominating organisation Law Institute of Victoria
Qualifications Bachelor of Science (Hons), Monash University Bachelor of Laws, Monash University

Richard Flitcroft
Employer Director
Appointment date 31 March 2019
Nominating organisation Law Society of New South Wales
Qualifications Bachelor of Laws, University of New South Wales Bachelor of Commerce, University of New South Wales

Geoff Hone
Employer Director
Appointment date 20 January 2010
Nominating organisation Law Institute of Victoria
Qualifications Bachelor of Laws (Hons), University of Melbourne

Chris Joyce
Member Director
Appointment date 28 February 2005
Nominating organisation United Services Union
Qualifications Bachelor of Financial Administration, Accounting Major, University of New England Bachelor of Law, University of Technology, Sydney Diploma in Legal Practice, College of Law, St. Leonards
Experience Western Sydney Community Legal Centre, Parramatta, NSW Anglicare, Darlinghurst Director, Law Industry Superannuation Trust Part-time tutor, University of Western Sydney
**Carita Kazakoff**

**Member**

**Director**

**Appointment date**

27 April 2017

**Nominating organisation**

Australian Services Union

**Qualifications**

Bachelor of Laws (Hons), University of Notre Dame Australia

Bachelor of Arts (Hons), University of Notre Dame Australia

**Experience**

Principal Solicitor, Slater and Gordon, Industrial and Employment Law (January 2019-current)

Member, Branch Executive Committee, Australian Services Union, Victorian Private Sector Branch (2011-current)

Principal Solicitor, Young Workers Centre, Trades Hall Victoria (January 2017-January 2019)

Senior Associate, Slater & Gordon, Industrial and Employment Law Department (2016-January 2019)

Director of Trustee Company, ASU Education and Training Trust (2011-2016)

Articled Clerk/Solicitor, Slater & Gordon (2008-2016)

**Phil Kennon QC**

**Member**

**Director**

**Appointment date**

9 June 2009

**Nominating organisation**

Victorian Bar Inc.

**Qualifications**

Bachelor of Laws (Hons), University of Melbourne

Bachelor of Commerce, University of Melbourne

**Experience**

Member of Supreme Court of Victoria Library Fund Investment Committee (May 2009-current)

Grade 1 Arbitrator, with national and international experience (2008-current)

Queens Counsel (1993-current)


Fellow of the Institute of Arbitrators and Mediators Australia (1988-current)

Member, National Young Lawyers Committee (1981-1984)

Member, Chief Justice’s Law Reform Committee (1980-1988)

Member, Victorian Bar Council (1979-1980)

**Emma Maiden**

**Member**

**Director**

**Appointment date**

29 September 2008

**Nominating organisation**

United Services Union

**Qualifications**

Bachelor of Economics (Hons. 1), University of Sydney

Diploma in Law, Legal Practitioners Admission Board

Graduate Diploma in Legal Practice, College of Law

**Experience**

Head of Advocacy, Uniting NSW.ACT (2019-current)

Director, Sydney Community Forum (2014-current)

Assistant Secretary, Unions NSW (2014-2018)

Member, Contract Cleaning Industry Portable Long Service Leave Industry Committee (2012-2018)

Member, Correction Industries Consultative Council (2011-2018)

Deputy Assistant Secretary, Unions NSW (2009-2014)

Lawyer, Employment and Industrial, Slater & Gordon (2009-2010)

**Imogen Sturni**

**Member**

**Director**

**Appointment date**

31 March 2019

**Nominating organisation**

Australian Services Union

**Qualifications**

Bachelor of Arts, Major in Politics and International Studies, Monash University

**Experience**

Assistant Secretary, Australian Services Union Victorian Private Sector Branch (2018-current)

Organiser, Australian Services Union Victorian Private Sector Branch (2013-2018)

National Project Officer, Australian Services Union Victorian Private Sector Branch (2012-2013)

Workplace Relations Officer, TL Consult (2012)

Monash University Councillor, Undergraduate Representative (2011-2012)

President, Monash Student Association (2011)

Education (Public Affairs) Officer, Monash Student Association (2010)
The Committees

ADMINISTRATION & INSURANCE COMMITTEE

Chair: Carita Kazakoff
Members*: Imogen Sturni
Richard Flitcroft
*Coralie Kenny & Vicki Rogers until March 2019

Responsible for overseeing the fund administrator, member insurance arrangements and the operating cost budget.

AUDIT, RISK & GOVERNANCE COMMITTEE

Chair: Geoff Hone
Members: Andrew Boog
Chris Joyce

Responsible for the financial reporting framework, both internal and external audit, the Risk Management Framework, the Governance Framework and oversight of compliance with the legislative, prudential and regulatory obligations of the Trustee.

INVESTMENT COMMITTEE

Chair: Richard Fleming
Members*: Phil Kennon QC
Emma Maiden
*Coralie Kenny until March 2019

Responsible for overseeing implementation of the investment strategy, advising the Board on the design of investment options including the risk and return objectives and strategic asset allocation, investment policy, and the appointment or termination of the Custodian or Asset Consultant.

REMUERATION & NOMINATION COMMITTEE

Chair: Kirsten Mander
Members: Andrew Boog
Emma Maiden

Responsible for making annual recommendations to the Board on the remuneration of the senior executives and others in accordance with the Board’s Remuneration Policy; and determining the processes for the interview of nominees for the role of Director and making a recommendation to the Board.

Board and Committee meeting attendance

A number of meetings attended
B number of meetings held during the time the Director held office or was a member of the Committee

<table>
<thead>
<tr>
<th>Director</th>
<th>Board meeting</th>
<th>Administration &amp; Insurance</th>
<th>Audit, Risk &amp; Governance</th>
<th>Investment</th>
<th>Remuneration &amp; Nomination</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>A</td>
<td>B</td>
<td>A</td>
<td>B</td>
<td>A</td>
</tr>
<tr>
<td>Chair</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kirsten Mander</td>
<td>7</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chris Joyce</td>
<td>7</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phil Kennon QC</td>
<td>6</td>
<td>7</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Emma Maiden</td>
<td>7</td>
<td>7</td>
<td></td>
<td></td>
<td>6</td>
</tr>
<tr>
<td>Vicki Rogers</td>
<td>4</td>
<td>6</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Carita Kazakoff</td>
<td></td>
<td></td>
<td>7</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Imogen Sturni</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Employer Directors</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Geoff Hone</td>
<td></td>
<td></td>
<td>6</td>
<td>7</td>
<td>4</td>
</tr>
<tr>
<td>Richard Fleming</td>
<td></td>
<td></td>
<td>6</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td>Coralie Kenny</td>
<td>5</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Andrew Boog</td>
<td>6</td>
<td>7</td>
<td></td>
<td></td>
<td>4</td>
</tr>
<tr>
<td>Richard Flitcroft</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>
Board renewal

The Constitution requires one Member Director and one Employer Director to retire from office each year on 31 March. On 31 March 2018, Vicki Rogers and Coralie Kenny retired. On 31 March 2019, Imogen Sturini and Richard Flitcroft were appointed. The nomination of appointed representative Directors has been undertaken in consultation with the sponsoring organisation.

Committees

Each of the Committees established by the Board has a Charter that sets out its composition, responsibilities and any delegated powers.

Board performance review

During 2018/19 the Independent Chair facilitated a Board performance evaluation and reported the findings to the Board. The performance of the Independent Chair was reviewed by the Board.

Professional development

Directors undertake ongoing professional development to keep abreast of regulatory change and industry best practice.

Director remuneration

The Independent Chair’s remuneration is determined by the Board. All other Directors’ remuneration is adjusted each year effective 1 July for a cost of living adjustment. Any other increase in Directors’ remuneration requires approval by the organisations that nominate Directors for the Board. In 2018/19 a cost of living adjustment was applied. In 2017/18 Director remuneration was benchmarked against that paid by other super funds as reported in an independent remuneration survey. Further to this benchmarking, Directors’ remuneration was increased (increases ranged from 8% to 22%) with effect from 1 July 2017 upon receipt of approval from all organisations which nominate Directors. Costs incurred by the Directors in the performance of their duties as Directors are paid by legalsuper.

Directors’ and officers’ insurance policy

The Board has a Directors’ and officers’ insurance policy that provides cover for liabilities that may arise from claims against Directors or officers. Directors also have a right of indemnity under the Constitution of the Trustee.

Aggregate remuneration paid to each Director for the last two financial years is as follows:

<table>
<thead>
<tr>
<th>Director name</th>
<th>Date appointed during the period</th>
<th>Date retired during the period</th>
<th>2017/18</th>
<th>2018/19</th>
<th>Remuneration paid to</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kirsten Mander</td>
<td></td>
<td></td>
<td>$64,444</td>
<td>$102,300</td>
<td>Kirsten Mander</td>
</tr>
<tr>
<td>David Miles</td>
<td>15/12/2017</td>
<td>-</td>
<td>$50,428</td>
<td>-</td>
<td>David Miles</td>
</tr>
<tr>
<td>Andrew Boog</td>
<td></td>
<td></td>
<td>$40,000</td>
<td>$40,940</td>
<td>Andrew Boog</td>
</tr>
<tr>
<td>Richard Fleming</td>
<td></td>
<td></td>
<td>$65,667</td>
<td>$66,156</td>
<td>Richard Fleming</td>
</tr>
<tr>
<td>Richard Flitcroft</td>
<td>31/03/2019</td>
<td>-</td>
<td>-</td>
<td>$10,000</td>
<td>Richard Flitcroft</td>
</tr>
<tr>
<td>Geoff Hone</td>
<td></td>
<td></td>
<td>$50,000</td>
<td>$51,050</td>
<td>Geoff Hone</td>
</tr>
<tr>
<td>Chris Joyce</td>
<td></td>
<td></td>
<td>$40,000</td>
<td>$40,940</td>
<td>Chris Joyce</td>
</tr>
<tr>
<td>Carita Kazakof</td>
<td></td>
<td></td>
<td>$43,393</td>
<td>$51,050</td>
<td>Australian Services Union</td>
</tr>
<tr>
<td>Phil Kennon QC</td>
<td></td>
<td></td>
<td>$45,945</td>
<td>$46,945</td>
<td>Phil Kennon QC</td>
</tr>
<tr>
<td>Coralie Kenny</td>
<td>31/03/2019</td>
<td></td>
<td>$51,671</td>
<td>$54,446</td>
<td>Coralie Kenny</td>
</tr>
<tr>
<td>Emma Maiden</td>
<td></td>
<td></td>
<td>$46,000</td>
<td>$46,945</td>
<td>United Services Union (50%)/Emma Maiden (50%)</td>
</tr>
<tr>
<td>Vicki Rogers</td>
<td>31/03/2019</td>
<td></td>
<td>$40,000</td>
<td>$40,840</td>
<td>Vicki Rogers</td>
</tr>
<tr>
<td>Imogen Sturini</td>
<td>31/03/2019</td>
<td></td>
<td>-</td>
<td>$10,000</td>
<td>Australian Services Union</td>
</tr>
</tbody>
</table>

1 The Australian Services Union paid directly to Carita Kazakoff a meeting attendance fee of $2,250 ($3,250 in 2017/18).
2 The United Services Union paid directly to Emma Maiden a meeting attendance fee of $4,000 ($8,033 in 2017/18).
Executive team

The Executive team oversee management of the fund. legalsuper engages qualified and experienced professionals who are driven to deliver exceptional outcomes for our members.

Andrew Proebstl
Chief Executive

Andrew was appointed in January 2003. He reports directly to the Board and has more than 30 years of superannuation experience.

Qualifications
Bachelor of Commerce, University of Melbourne
Professional Year, Institute of Chartered Accountants
Diploma of Superannuation Management, Macquarie University
Financial Planning Proper Authority Course, Securities Institute/Institute of Chartered Accountants

Experience
Qualifying as a Chartered Accountant while at Arthur Andersen, Andrew has broad experience across the superannuation industry with fund administrators, investment managers, custodians and superannuation funds. Andrew is a member of the Policy Committee and Member Services Committee of the Australian Institute of Superannuation Trustees. He is also a former Director of the Australian Institute of Superannuation Trustees and former member of the Victorian Executive of the Association of Superannuation Funds of Australia. He regularly presents at superannuation industry conferences and writes superannuation columns for law society journals.

David Eastwood
Executive Manager, Operations and Member Services

David was appointed in November 2008. He reports to the Chief Executive and is responsible for managing operations and member services. He has more than 20 years of superannuation experience.

Qualifications
Diploma of Financial Planning (DFP), Deakin University/Financial Planning Association
Certified Financial Planner Education Program (CFP), Deakin University/Financial Planning Association
Certificate of Superannuation Management, Association of Superannuation Funds of Australia
Master of Business Administration, Deakin University

Experience
David’s financial services career commenced as a financial adviser at Westpac Bank. David then worked for 6 years with VicSuper in a range of advisory and management roles before joining legalsuper.
Edward Smith
Chief Investment Officer

Edward was appointed in June 2015. He reports to the Chief Executive and is responsible for managing investments. He has more than 25 years of investment management and advisory experience.

Qualifications
Bachelor of Science, Auckland University, New Zealand
Diploma Business Studies (Financial Planning), Massey University, New Zealand
Master of Business Administration (Distinction), Waikato University, New Zealand
Diploma of Teaching, Auckland College of Education

Experience
Edward began his career as an actuarial analyst and graduated to a variety of investment management and advisory roles in New Zealand. He moved to Australia to work for the Victorian Funds Management Corporation in 2007. He has worked as a senior asset consultant for Frontier Investment Consulting and was Head of Portfolio Management with Australian Unity before joining legalsuper.

Patsy Mullen
Executive Manager, Member Experience

Patsy was appointed in August 2018. She reports to the Chief Executive and is responsible for overseeing member experience. She has more than 20 years of experience in member experience, marketing and digital strategies in the financial services industry.

Qualifications
BSc Computer Science with First Class Honours, University of Westminster, London
Certificate in Customer Focused Innovation, Stanford Graduate School of Management, California

Experience
Patsy began her career in marketing in the financial services industry in London in 1997. She spent nine years in communications roles with global investment banks including Credit Suisse, JPMorgan and Société Générale. Since returning to Australia in 2006, Patsy has managed marketing, customer experience and digital teams in the funds management and superannuation industry.

Kaye Wheatley-Brown
Executive Manager, Legal, Risk & Compliance

Kaye was appointed in January 2017. She reports to the Chief Executive and is responsible for monitoring, managing and reporting in respect of regulatory and compliance requirements. Kaye has more than 25 years of experience in the superannuation industry.

Qualifications
Bachelor of Business (Accountancy), RMIT
Graduate Diploma Applied Corporate Governance, Governance Institute of Australia
Diploma of Financial Services (Financial Planning)
Associate, CPA & Governance Institute of Australia
Fellow, Association of Superannuation Funds of Australia

Experience
Kaye commenced her career at the Insurance and Superannuation Commission (now APRA). She has since gained broad experience in the superannuation industry including Associate Director in the superannuation audit and advisory team with KPMG and leading roles in governance, risk and compliance with Mercer, VicSuper and the Australian Retirement Fund (now Australian Super), before joining legalsuper in 2017.
Remuneration: Executive team

Remuneration paid to each of the responsible officers for the last two financial years was as follows:

<table>
<thead>
<tr>
<th>Role</th>
<th>Name</th>
<th>2017/18</th>
<th>2018/19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive</td>
<td>Andrew Proebstl</td>
<td>$493,376</td>
<td>$466,400</td>
</tr>
<tr>
<td>Executive Manager – Operations and Member Services</td>
<td>David Eastwood</td>
<td>$310,000</td>
<td>$330,865</td>
</tr>
<tr>
<td>Executive Manager – Member Experience</td>
<td>Patsy Mullen-Conolly</td>
<td>$197,600</td>
<td>$215,000</td>
</tr>
<tr>
<td>Chief Investment Officer</td>
<td>Edward Smith</td>
<td>$285,807</td>
<td>$290,886</td>
</tr>
<tr>
<td>Executive Manager – Legal, Risk &amp; Compliance</td>
<td>Kaye Wheatley-Brown</td>
<td>$163,750</td>
<td>$200,000</td>
</tr>
</tbody>
</table>
Other advisers

The Board also engages specialist third party providers and expert advisers. If any of these organisations off-shore some part of its business, legalsuper satisfies itself that appropriate processes are in place to protect the confidentiality of member information.

Performance and remuneration review

Clear goals and performance standards are set for the Chief Executive and Executive Managers. Performance is regularly evaluated against the performance criteria that has been set. The Remuneration & Nomination Committee considers an annual self-evaluation of performance and recommendations from the Chief Executive and makes recommendations to the Board. The Board considers the Remuneration & Nomination Committee’s recommendations and approves the remuneration of the following responsible officers:

- Chief Executive
- Executive Manager – Operations and Member Services
- Executive Manager – Member Experience
- Chief Investment Officer
- Executive Manager – Legal, Risk & Compliance.

Professional development

legalsuper invests in the professional development of its people, recognising the importance of them being properly trained to undertake their responsibilities and provide high levels of professional advice and service. Professional development includes attending superannuation and financial services industry conferences, as well as tailored professional development.

Performance evaluation

The performance of all staff is formally reviewed and evaluated annually. Each staff member meets with their direct reports to review their performance over the preceding year and to identify any opportunities for professional development.
Identifying and managing risk

An integral part of legalsuper’s business planning process is the consideration and active management of risk.

The Board has a commitment to a high standard of corporate governance practice and promotion of a strong risk culture. The Trustee has approved a Risk Management Framework which sets out how the Board manages risks that could have a material impact on the operations of Legal Super Pty Ltd, legalsuper or the interests of its beneficiaries.

It includes systems, structures, policies, processes and people that identify, assess, monitor, report on, mitigate and manage all internal and external sources of risk including the failure to implement and maintain an effective governance framework.

Risks are monitored and a quarterly risk report is provided to the Audit, Risk & Governance Committee and the Board.

Abridged financial statements

The following is a summary of legalsuper’s audited financial statements. legalsuper’s full audited financial statements are available at legalsuper.com.au. Hard copies are also available on request.

<table>
<thead>
<tr>
<th>Statement of financial position</th>
<th>As at 30 June 2018 ($)</th>
<th>As at 30 June 2019 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investments</td>
<td>3,821,966,408</td>
<td>4,200,475,427</td>
</tr>
<tr>
<td>Other</td>
<td>188,063</td>
<td>185,074</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>3,822,847,361</td>
<td>4,202,126,151</td>
</tr>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tax</td>
<td>61,603,917</td>
<td>66,979,234</td>
</tr>
<tr>
<td>Other</td>
<td>7,255,951</td>
<td>7,303,688</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>68,859,868</td>
<td>74,282,922</td>
</tr>
<tr>
<td>Net assets</td>
<td>3,753,987,493</td>
<td>4,127,843,229</td>
</tr>
<tr>
<td><strong>LIABILITY FOR ACCRUED BENEFITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Allocated to member accounts</td>
<td>3,732,898,014</td>
<td>4,103,843,957</td>
</tr>
<tr>
<td>Reserves</td>
<td>21,089,479</td>
<td>23,999,272</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITY FOR ACCRUED BENEFITS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3,753,987,493</td>
<td>4,127,843,229</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operating statement</th>
<th>As at 30 June 2018 ($)</th>
<th>As at 30 June 2019 ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Investment</td>
<td>349,723,383</td>
<td>265,498,963</td>
</tr>
<tr>
<td>Contributions and transfers</td>
<td>380,862,249</td>
<td>370,727,177</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>716,585,632</td>
<td>636,226,140</td>
</tr>
<tr>
<td><strong>EXPENDITURE</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance premiums</td>
<td>19,345,728</td>
<td>19,284,373</td>
</tr>
<tr>
<td>Operating</td>
<td>16,186,491</td>
<td>18,817,739</td>
</tr>
<tr>
<td>Tax</td>
<td>52,799,379</td>
<td>46,406,534</td>
</tr>
<tr>
<td><strong>Total expenditure</strong></td>
<td>88,339,098</td>
<td>84,307,626</td>
</tr>
<tr>
<td><strong>NET REVENUE</strong></td>
<td>628,336,504</td>
<td>581,906,414</td>
</tr>
</tbody>
</table>
Other member information

Allocation of net earnings

Since 6 May 2019 daily unit prices were determined for each investment option and issued the next day* based on a valuation of net assets, after deduction of tax and expenses and the number of units on issue. Prior to 6 May 2019 weekly unit prices were determined and issued each Wednesday*. Allowance is made for the costs of acquiring and disposing of assets. For the Direct Investment option (DIO), earnings include income received (e.g. interest and dividends) and any gains or losses on securities held. The value of a member’s investment in the DIO is determined by multiplying the number of securities held by the applicable security price.

*unless preceded by a public holiday and with the exception of the Direct Investment option.

Reserves

The Board has established two reserves:

• an operational risk reserve pursuant to Prudential Standard SPV 114 Operational Risk Financial Requirement. It is invested in the Balanced index investment option; and

• a general reserve. This is invested in the MySuper balanced investment option.

These reserves make provision for unexpected or unforeseen operational risk, or other events that the Board determines should be met from a reserve rather than directly deducted from member accounts.

Total reserves at 30 June for the last three years and change each year are shown below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Reserve balance</th>
<th>Change in balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>$23,999,272</td>
<td>+$2,909,793</td>
</tr>
<tr>
<td>2018</td>
<td>$21,089,479</td>
<td>+$2,913,288</td>
</tr>
<tr>
<td>2017</td>
<td>$18,176,191</td>
<td>+$1,816,310</td>
</tr>
</tbody>
</table>

Complaints

A complaint process has been implemented to ensure timely and fair resolution of complaints. By law, complaints must be dealt with within 90 days of receipt. In the first instance, members should call legalsuper on 1800 060 312 to try to resolve a complaint. Members can also check the progress of a complaint by calling the same number.

If it is not resolved, the complaint should be put in writing either by email at mail@legalsuper.com.au or post, addressed to legalsuper, Complaints Officer, Locked Bag 5081, Parramatta NSW 2124. If a member is not satisfied with the response to a complaint, they can ask for it to be reviewed.

New complaints body

The Australian Financial Complaints Authority (AFCA) replaced the Superannuation Complaints Tribunal (SCT) as the body to hear disputes on matters involving superannuation. The AFCA commenced operations on 1 November 2018. The SCT now only determines claims that were lodged prior to 1 November 2018.

SCT contact details

Phone 1300 884 114
Address Locked Bag 3060
Melbourne VIC 3001

AFCA contact details

Phone 1800 931 678
Address GPO Box 3,
Melbourne VIC 3001
Derivatives

legalsuper invests directly in derivatives by entering into hedging contracts as a risk mitigation measure for movements in foreign currency. Derivatives may also be used to enhance operational efficiency and to protect portfolios. There may also be indirect exposure to derivatives via the unit trusts in which legalsuper invests.

Surcharge

While the surcharge has been abolished, the Australian Taxation Office (ATO) may provide an assessment for contributions paid before 30 June 2005 and the surcharge will be deducted from member accounts and paid to the ATO.

Eligible rollover fund

In the event that a member becomes a lost or inactive member, legalsuper may transfer the balance to Australia’s Unclaimed Super Fund (AUSfund, ABN 17 006 883 227). AUSfund is an Eligible Rollover Fund and can be contacted on 1300 361 798 or admin@ausfund.com.au

On transfer from legalsuper to AUSfund, you will cease to be a member of legalsuper and any legalsuper insurance cover will cease. You will become a member of AUSfund and be subject to its terms and conditions of membership, including any applicable fees.

Temporary residents

By law, legalsuper must pay the ATO the benefit of any temporary resident who has departed Australia (and whose visa has expired or been cancelled) if it is not claimed within six months of departure. On request, legalsuper will provide an exit statement to a non-resident. Visit ato.gov.au for more information.
Legal Super Pty Ltd. is the issuer of this Annual Report. This Annual Report was issued in October 2019 by Legal Super Pty Ltd. ABN 37 004 455 789, AFSL 246315, as Trustee of legalsuper ABN 60 346 078 879, Level 37, 140 William Street, Melbourne VIC 3000.

This Annual Report includes general information only. This information is of a general nature and does not take into account your specific needs. You should consider your own financial position, objectives and requirements and read the legalsuper Product Disclosure Statement (PDS) before making any decision in relation to legalsuper. The PDS can be obtained at legalsuper.com.au. Past performance is not necessarily a guide to future performance.