



Insight

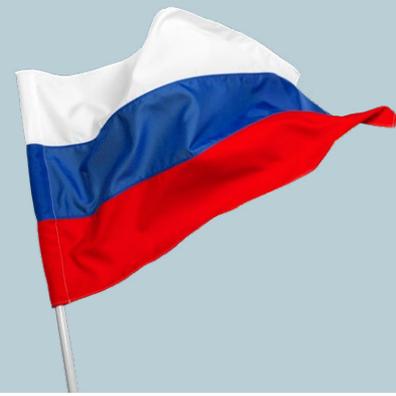
MEMBER NEWSLETTER **SPRING 2022**



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Investment Update – September 2022



It was a tough quarter for investors. Rapidly rising interest rates and concerns on economic growth resulted in losses in both the equities and bonds markets.

Overall, our Balanced growth investment option (for accumulation) returned negative 0.38% during the September 2022 quarter.

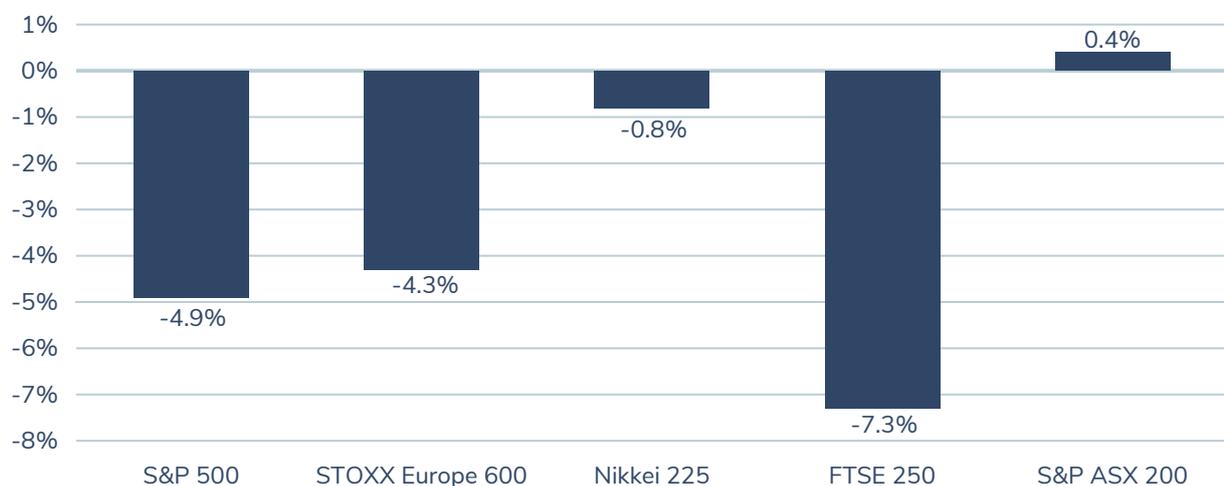
The investment environment continues to be challenging as inflation remains stubbornly high and the US central bank, the Federal Reserve, has reaffirmed its strong commitment to fighting inflation. The current job market is tight in the US, with historically high vacancies relative to unemployed workers. Nominal wage growth remains elevated and combined with supply chain disruption is contributing to high, persistent inflation. Central banks are concerned about a wage/price rise spiral becoming entrenched and have been raising interest rates at a rapid pace which causes asset values to fall.

Russia's invasion of Ukraine is a tragedy which has caused a large loss of life and livelihood. Its impact has extended outside the fighting, bringing about a surge in energy and food prices. This is seen most clearly in Europe which relies heavily on Russian gas supplies. Russia closed its largest gas pipeline to Europe in July, ostensibly for maintenance, and again in September. Energy companies were forced to buy natural gas from higher cost sources. The main source of gas distribution from Russia, the Nord Stream pipelines appear to have been sabotaged and will not be easily fixed. Consequently, Europe may face supply shortages as they approach this winter and next. Energy bills are expected to increase further, adding to the cost-of-living pressures faced by many households. Escalation of the conflict remains a significant risk.

“The investment environment continues to be challenging as inflation remains stubbornly high”

Chart 1: Equity markets

Total return in local currency for the 3 months to 30 September 2022



Source: Bloomberg



Chinese economic growth continues to remain weak, due to the zero covid policy and their slowdown in housing. The zero covid policy continues to restrain growth and hurt supply chains within China. Chinese authorities had sought to cool the property market and they have achieved this, with a slowdown in the housing market, where new-home prices have dropped for the first time since 2015. As a result, prices of industrial metals have fallen. In the medium term, a potential for a China-Taiwan conflict to transpire is a concern for investment markets. This has already impacted the semiconductor industry, where the US has imposed export restrictions to slow China's technological and military advances.

As a result of high and sticky inflation, slowing growth and rising interest rates, the earnings results for US firms have been disappointing relative to expectations and historical averages. There is a risk of further earnings downgrades if inflation persists, with not all companies able to pass inflationary costs on to their customers and interest rate rises expected to rein in demand.

Outlook

Our central case includes a further weakening of the US economy in the short term, likely a US recession. While this is not the most likely outcome for Australia, rising rates will negatively impact the housing market, increasing the probability of a recession.

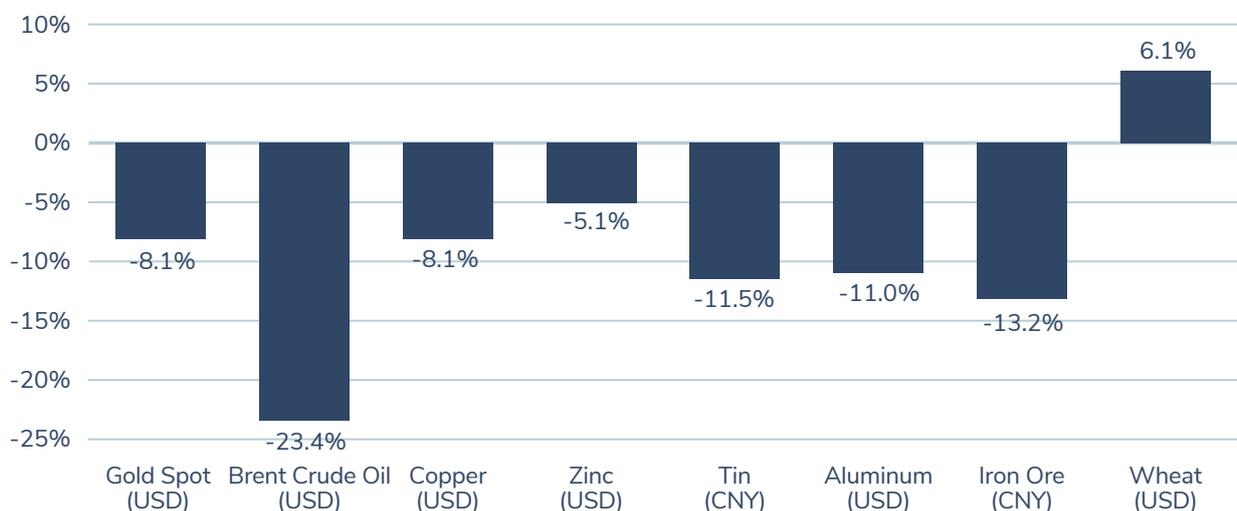
The key upside scenario relative to our central case is where inflation falls faster than expected, allowing central banks to revert to more neutral policy settings, rather than actively having to slow the economy to fight inflation. This would provide a more favourable environment for risky assets to perform.

Given equities have fallen considerably this year and noting the challenging investment environment will eventually turn, the medium to long term outlook has improved.

Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

Chart 2: Commodity prices

Price movements for the 3 months to 30 September 2022



Source: Bloomberg

Viewing and understanding your annual statement

If you receive a member statement, it might be full of terms you may be unfamiliar with, so it's important you understand the key points to ensure your retirement savings are on track.

To view your statement, log in online at www.visionsuper.com.au, click on "Account" and "Annual statement". There you will find this year's annual statement, and statements from previous years too.

Your personal details



Verify the accuracy of your personal details to avoid problems. Make sure your contact details are still correct, and, to avoid potentially paying any extra tax, check to see we have your tax file number on record.

Your details like your phone number and address can be easily checked and updated by logging in to your account online. Alternatively, you can contact us and we can do it for you. If you need to update your name or surname, we can guide you on how to do that too.

Your account balance



To see how much you had in your account at the start and end of the financial year, check the opening and closing balances. The difference between the two figures is usually contributions coming in, tax, fees/premiums coming out and of course any withdrawals that may have been made. Your investment earnings will also affect your balance. More information is provided below.

Understand the different components of your account balance:

- > Preserved – can be withdrawn only if you satisfy a condition of release
- > Restricted non-preserved – can be withdrawn when you leave your employer or satisfy another condition of release. Usually it only applies to contributions made prior to 1 July 1999
- > Unrestricted non-preserved – can be withdrawn at any time, but tax may apply.

Your fees and costs



Check the fees and costs listed on your statement. They usually include an administration fees and costs, which covers the cost of managing your account, and investment fees and costs.

Some funds charge fees that Vision Super does not, such as a fee for switching investment options. If you have multiple accounts, make sure you familiarise yourself with these fees and costs to ensure you understand what you're paying for. Understanding whether you can consolidate accounts is also worth researching, although please remember if you have an active Defined Benefit account this can't be consolidated.

Your insurance



If you have an accumulation account, check what insurance cover you have through your super and what the premiums are. Make sure the level of cover you have matches your current needs.

If you do have insurance cover it is always good to review it when your circumstances change, like getting a pay rise or starting a family. This way you'll make sure you're covered for what you need and not paying for something you don't need.

Also, due to government reforms, you may have lost your insurance cover if your account has been inactive. If this is the case, you may wish to reapply for insurance.



Your investments

If you have an accumulation account or a pension (non-commutable account based pension, or account based pension), your funds will be invested. Each investment option has a different mix of assets and may include local and international shares, property, fixed interest and cash. Think about whether your investment option (such as high growth, balanced, conservative or cash) reflects how much risk you're willing to take. You can find more information about the investment mixes on our website here: www.visionssuper.com.au/invest/investment-options/

The investment performance for our options can be found in the notes section of your annual statement.

Your contributions and transactions

Review the list of transactions for your super account. Your transactions can include your employer contributions, any personal contributions you made, rollovers that have occurred, and, if you made withdrawals, that information will be in your transaction history too.

Check your employer has paid regular Superannuation Guarantee amounts into your super account. If the payments are not there, feel free to contact us or have a discussion with your employer.

Your beneficiaries

All account types, aside from Defined Benefit, have the option for you to include a beneficiary. Confirm you're happy with the beneficiaries you've nominated to receive the balance of your super account and any insurance benefit if you die.

There are two types of nominations, binding or non-binding, and they're significantly different. Estate planning can be a complex matter, so you may wish to seek legal or financial advice.

Vision Super is here for you

Reading your statement doesn't have to be overwhelming. Vision Super's friendly staff are here to help you on every aspect of your super, from the simplest question through to a comprehensive financial plan. To learn more, head to our Advice page or call us on **1300 300 820** Monday to Friday 8:30am to 5pm.

Past performance is not a reliable indicator of future performance

Focused on keeping fees and costs low

Superannuation is a long-term investment for most of us – and over the long term, fees and costs can make a big difference to how much you get when you retire. That’s why at Vision Super, we’ve had a focus on driving down fees and costs. On 1 October 2022, the cost for the default options¹ reduced again, so you’re paying less for your super to be invested.

Over the past five years, we’ve been able to reduce our fees and costs, and that may make a large difference to your retirement savings. Of course, there are other factors too – we’re also focused on generating competitive risk-adjusted returns over the medium and longer term, and we take ESG factors into consideration – but fees and costs are a constant, and we’re proud that our default investment options are significantly less than the industry average.

The table below shows examples of how much a member with a \$50,000 balance is paying in fees and costs today, compared with five years ago, and compared with the current industry average.*

Fee and cost changes

As of 1 October 2022, the estimated fees and costs for Vision Super’s investment options have been updated. For details of the new fees and costs for each option please visit the fees and costs page on our website at: www.visionsuper.com.au/super/fees-and-costs/

* Additional fees may apply. The fees and costs examples shown do not include insurance premiums. Currently fees are not charged for changing investment options or buy-sell spreads.

¹ Balanced growth for Super Saver, and Balanced low cost for Vision Personal

	Plan	Investment options	Sept 2017 fees and costs (pa)	June 2020 fees and costs (pa)	June 2021 fees and costs (pa)	June 2022 fees and costs (pa)	Current (Oct 2022) fees and costs (pa)	Reduction over 5 years	Current industry average (pa) [^]
\$50,000 balance	Super Saver	Balanced growth	\$538	\$488	\$463	\$413	\$393	\$145 (-27%)	\$592
	Vision Personal	Balanced low cost	\$243	\$238	\$223	\$213	\$208	\$30 (-14%)	\$592
	Pension	Balanced growth	\$545	\$515	\$490	\$440	\$425	\$105 (-22%)	\$667

[^] Average taken from SuperRatings’ Fundamental report, August 2022



Staying safe online



Vision Super is aware of the recent data breaches, such as the one involving Optus customer information. Keeping your super and data safe is very important to us.

We have safeguards in place to protect your personal information. Our teams are engaged in heightened monitoring for ID theft. We may ask you additional security questions when you call us, and this is done to protect your personal information.

We encourage all members to remain vigilant and report any unusual activity to us immediately.

Be particularly wary of scams delivered by phone call or SMS. Do not trust a caller because they may know some of your personal information. If you've received an SMS claiming to be from Vision Super that asks you to click a link, please ignore this it won't be from us.

Scammers can use phishing SMS to trick you into providing login information. People tend to trust SMS more than email, but links contained in an SMS can be equally dangerous and may take you to a malicious website or download malware.

Questions to ask & things to look out for:

- 1 Do you know the sender, and do you usually receive SMS messages from the sender? Beware, scammers can mimic the phone numbers of legitimate organisations.
- 2 Does the message seem generic or does it contain errors and grammatical mistakes?
- 3 Always inspect links before opening them to check if the real destination domain name matches with the expected sender organisation, in this case, Vision Super.
- 4 SMS Phishing, or 'Smishing' messages, play on your emotions by creating a sense of urgency, followed by a link to click. For example, 'Your account is temporarily frozen, please login immediately to lift the restriction'.

Other security tips:

- 1 Always use the official Vision Super app, or website to access your account.
- 2 Don't share your PINs or passwords with anyone.
- 3 Avoid using the same password for multiple sites and logins, there are many password manager applications to help manage this challenge.
- 4 Stay on top of the latest scams by visiting the Australian Government's Scamwatch website.

Reasons we may contact you



As a Vision Super member, you will hear from us on a quarterly basis to provide an update on what is happening with the Fund and with the superannuation sector. This update will contain links to content on our website. You may also receive communications in response to transactions you have performed on your account.

Vision Super will **never** ask you to reply to an email or SMS with your password. We will ask you to log into our secure site or suggest you call our Melbourne based Member Services team. If you are ever unsure about anything that we send, please give us a call on **1300 300 820**, we will be happy to help and confirm the communication is valid.



Your quarterly newsletter

Log in to Vision Online to keep up to date with your account and what's happening at Vision Super



Investment option name change

From 1 October 2022, the **Sustainable balanced** option was renamed to **Balanced low cost** and the benchmark allocation of the option and some of its ranges also changed. The investment objective of this option was unchanged.

Further information on this option can be found in the relevant investment guides at: www.visionsuper.com.au/resources/forms-and-publications/