

INSIDER

SPRING 2019

MEDIASUPER



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GROWTH AND STABILITY THROUGH UNCERTAIN TIMES

We've seen a year of more tinkering with Australia's superannuation system, while we work and invest through an increasingly uncertain global political and economic environment. Despite these challenges, Media Super has stayed on course, been vigilant about monitoring risks, and again delivered solid results for our members.

I'm very proud of our investment returns, with the Balanced [MySuper] option ranking third for the financial year, according to ratings agencies SuperRatings¹ and Chant West². Our Growth option also ranked third, while the Stable option ranked second. You can find full details on the next page.

This year Media Super reached \$6 billion in funds under management, meaning we've doubled in size in a few short years. As our fund grows, we're able to provide members with improved services and increase our investment back into our industries.

You can read about three great new initiatives helping to bring Australian stories to life on page 6. Our financing of local film and TV productions is continuing strongly and we doubled our investment in the Australian Chamber Orchestra's Instrument Fund, helping to acquire a 430-year old 'Golden Age' violin.

Over the past year we've boosted our Helpline and advice services, and between our e-advice, Helpline Advisors and Financial Planners, we're able to meet our members' needs at any stage of their working life. We're also developing a financial wellbeing program that will complement our advice and will help members confidently plan ahead throughout their lives.

Providing members with a feeling of confidence is especially important in the aftermath of the Royal Commission into Banking, Superannuation and Financial Services. As the head of a fund run only to benefit members, it was very disturbing to see the impact on hardworking Australians' retirement savings resulting from the unscrupulous actions of some funds. The Federal Government has already legislated to provide some greater protection for super fund members – the Protecting You Super Package (details on page 4).

The Royal Commission also prompted a lot of people to re-examine who they could trust with their super, and tens of thousands moved their super savings to an industry super fund. To new members of the Media Super community, welcome!

In the years ahead it's likely we'll see more changes to the super system, as political and policy debate continues. No matter the changes, we will continue to work hard to achieve strong long-term investment returns and provide services to help our members feel confident for the years ahead.

1. SuperRatings Fund Crediting Rate Survey – SR50 Balanced options (60-76) Index, June 2019.
2. Chant West – Top 10 Performing Growth Funds [1 Year to June 2019].



2019 ANNUAL MEMBERS' MEETING



Media Super members are invited to attend the 2019 Annual Members' Meeting that will be held in Sydney CBD on the evening of Monday, 28 October. We will provide an update on our performance and activities, and members will have the opportunity to ask questions.

We will also livestream the AMM for members outside of Sydney or who aren't able to attend.

Full details are available at the below web page. Please register your interest to attend or view the AMM online. You can also use the form to lodge your questions.

 mediasuper.com.au/amm

STRONG INVESTMENT PERFORMANCE FOR TOP 3 FINISH

Media Super has ended the financial year with a strong investment performance for our members, with the Balanced (MySuper) option ranked third, according to SuperRatings.¹

Five years ago we reviewed and made significant changes to our investment strategy, including putting in place portfolio protection. While we've made changes and improvements to our portfolio, we've stuck with this strategy, confident it would lead to strong returns and we're pleased that our strategy is continuing to provide great results for members.

YOUR INVESTMENT RETURNS FOR 2018-19

Our Balanced (MySuper) option returned **8.76%**² for the financial year, well ahead of the median return of 6.93%.¹

The Balanced option is also performing well longer term, **ranking fifth over three years and tenth over five years.**¹

Media Super's Balanced option is well diversified across shares (Australian and international), property, infrastructure, fixed interest and cash investments, as well as various alternative investments, such as our Fulcrum film and TV financing fund.

By investing in our Balanced option you also have added peace-of-mind knowing we have portfolio protection in place, a mechanism designed to reduce the impact of losses if share markets fall heavily, as they did numerous times throughout the last financial year. We are one of the few funds that has this type of protection in place.

Our other pre-mixed investment options also performed well for the financial year, with our **Stable option ranked second**³, **Growth option ranked third**⁴ and **High Growth option ranked tenth**⁵.

Looking ahead, we are confident our Balanced investment strategy is well positioned to continue meeting our long-term investment objectives for your super.

WE'RE HERE TO HELP

If you'd like to discuss your investment options or have any questions, please call our Helpline on **1800 640 886**.[#]

1. SuperRatings Fund Crediting Rate Survey – SR50 Balanced options [60-76] Index, June 2019.
2. Investment returns are not guaranteed and past performance gives no indication of future returns.
3. SuperRatings Fund Crediting Rate Survey – SR50 Capital Stable [20-40] Index, June 2019.
4. SuperRatings Fund Crediting Rate Survey – SR50 Growth [77-90] Index, June 2019.
5. SuperRatings Fund Crediting Rate Survey – High Growth [91-100] Index, June 2019.



INVESTING YOUR MONEY RESPONSIBLY

We understand that our members have expectations not only about the investment outcomes we achieve for them, but also that we invest their money responsibly.

We have developed a set of investment beliefs that guide our decisions about how we invest our members' money. Recognising the significant investment risks posed by climate change, Media Super has also developed a Climate Change Position Statement. The statement covers our approach to managing climate change risk across our portfolio and how we're practically implementing this.

As a large investor, we recognise our responsibility and ability to positively impact climate change outcomes.

We have committed to investing \$330 million into renewable energy and environmental investments over the next three years, along with local innovation and infrastructure, and our member industries.

More information is available at mediasuper.com.au/esg.

We will provide regular updates about our ESG initiatives on the Media Super website and in member communications.



PROTECTING YOUR SUPER

NEW LEGISLATION EXPLAINED

The Federal Government's Protecting Your Super Package is designed to protect your retirement savings from being eroded by unnecessary fees. The changes came into effect on 1 July 2019.

Below we explain the initiatives and what they may mean for you. Information about the changes is also available in the Significant Event Notice included in your statement pack.

Inactive account transfers to the ATO

Super funds must transfer inactive low-balance accounts to the ATO twice a year. This will stop people paying fees on low balance accounts they've lost track of. The ATO will then work to match this money to active accounts people have at other super funds.

For this initiative, inactive is defined as an account with a balance below \$6,000 that has not received a contribution – including employer contributions, personal contributions, transfers from another super fund or the ATO, or the government co-contribution – for a continuous period of 16 months. Other activities counted as 'active' include making a change to investment options, insurance cover or binding beneficiary nominations.

We contacted affected members by mail and email to let them know their account was considered inactive and may be soon be transferred. We advised members how to remain

active or that they can complete a form to opt-out of their account being considered inactive.

Before the first transfer on 31 October, Media Super is working with nine other industry super funds to cross-match accounts – before inactive accounts are sent to the ATO, we will try to reunite members' money with an active account at another fund in the group.

Going forward, we will be contacting members on a regular basis to let them know their account is in danger of becoming inactive and how to reactivate it.

Insurance cancellation for inactive accounts

Insurance cover will no longer be provided to members with inactive accounts, unless they elect to keep it. This is intended to stop premiums from unwanted or forgotten insurance cover eroding members' balances.

For many Australians, the death, total and permanent disablement, and income protection cover they have through their super is the only insurance cover they have. While the government is hoping this initiative will stop people paying for multiple insurance premiums, it's important

that people check they are not losing vital cover they need.

For this initiative, inactive is defined as an account (regardless of balance) that hasn't received a contribution – including employer contributions, personal contributions, transfers from another super fund or the ATO, or the government co-contribution – for a continuous period of 16 months.

Throughout May and June, we contacted affected members by mail, email, SMS and phone to alert them that they were going to lose their insurance cover on 1 July 2019, if they did not reactivate their account. The only way to reactivate an account for this insurance initiative is to make a contribution. Alternatively, members can complete a form and elect to keep their insurance cover.

We will now be contacting members regularly – at 9, 12 and 15 months of inactivity – to warn them that they will lose their insurance cover if their account reaches 16 months without a contribution.

Fee cap on low balance accounts

Since 1 July 2019, accounts with a balance of less than \$6,000 have their administration fees, investment fees and indirect costs capped at 3%.



RETIREMENT ESSENTIALS

Many retirees find applying for the Age Pension complicated and frustrating.

Recent studies published by National Seniors Australia¹ highlight how widespread the problem is – 82% of people don't feel confident completing the application alone and seek assistance.

At Media Super, we understand how important the Age Pension can be and want to help make the process easier for our members. That's why we've partnered with Retirement Essentials, a service that helps people determine how much they're entitled to and streamlines the application process.

Rather than dealing with hundreds of complicated questions and multiple visits or calls to Centrelink, you'll go through a simple online process and make just one stress-free trip to Centrelink. Plus Retirement Essentials' specialists are available to provide support throughout the process.

If you're thinking about retiring soon, Retirement Essentials can help you confidently plan ahead.

Head to mediasuper.com.au/RE to find out more.

1. *The Centrelink Experience: From 'waiting, frustrating, hopeless' to 'helpful, friendly, positive'*. A report by National Seniors Australia & Retirement Essentials, June 2018.

Media Super does not recommend, endorse or accept responsibility for this product or service. A copy of the Retirement Essentials Terms & Conditions, Financial Services Guide and Privacy Policy is available at <https://retirementessentials.com.au>. Media Super does not accept liability for any loss or damage caused by the products and services provided by Retirement Essentials. Media Super does not receive any commissions from this organisation as a result of members using their products and services.

Under 25?

A note re insurance

The Government had proposed a further change to insurance cover, proposing that people under 25 do not automatically receive default insurance cover through super but have to opt in. This change has not been legislated yet; however, based on knowledge of our membership, Media Super already implemented this change effective 1 July 2018.

Any new members under 25 who have joined since then have not received default cover. Young members can apply for insurance cover any time before their 25th birthday, otherwise they will automatically receive default cover when they turn 25.

No more exit fees

Since 1 July 2019, super funds no longer charge members exit fees. This means if members switch funds, move some of their super to another fund, or an account is split in a family law ruling, they will no longer be charged an exit fee.

We're here to help

If you have any questions about the Protecting Your Super Package or you think you may have been affected by one of the changes, please call the Helpline on **1800 640 886**.

INVESTING IN AUSTRALIA'S STORIES



As part of Australia's creative community, we're committed to working with industry partners to help them build vibrant, robust sectors. This past year we've supported three great new initiatives.

Bringing diverse voices to the silver screen

Media Super has joined Screen Queensland, SBS, Madman Entertainment and The Post Lounge to launch the R.I.D.E Feature Film Fund. R.I.D.E [which stands for Respect, Inclusion, Diversity and Equality] will provide the opportunity for up to six Queensland creative teams to develop and produce feature films over the next three years.

Australians are great storytellers and R.I.D.E will empower filmmakers from a wide range of backgrounds to tell stories that not only reflect the diversity of our community but will appeal to global audiences.

Our modest investment in the fund builds on our successful investment in Australian film and TV productions through our \$80 million revolving cashflow financing fund. In partnership with Fulcrum Media Finance, we have supported more than 150 productions over the past nine years.

The first round of applications closed in August and we're excited to see what the first successful R.I.D.E recipients create.

Investment treads the boards

With success on the small and silver screen, Media Super is taking our investment to the stage, with a \$2 million revolving fund for live theatre investment.

Our first foray into theatre was the wildly popular *Muriel's Wedding The Musical*, which was a runaway success, followed by family favourite *Charlie And The Chocolate Factory – The Musical*.

Bringing a production to life is no easy feat and, as well as earning investment returns for our members, the live theatre fund will help more Australian productions reach the stage, providing greater opportunities for performers and crew to ply their craft at home.

Opportunities for a new generation of journos

More than ever, it's vital that our young journalists have the opportunity to gain the experience needed to sustain a strong Australian media. Media Super has partnered with The Walkley Foundation and Channel Seven to provide a 12-week scholarship to an aspiring young journalist, giving them the opportunity to develop a deeper understanding of what it takes to bring the news to air.



Amy Clements [pictured above] from the University of Melbourne was announced as the inaugural recipient of the scholarship at the Walkley's Mid-Year Celebration in June.

Amy says, 'In an industry where cadetships and traineeships are scarce, the scholarship creates an entry level pathway for young journalists seeking to immerse themselves in the world of television production.'

'There's only so far formal studies can take you and I'm excited to be able to learn about news and current affairs "on the job" – an opportunity which would have been otherwise inaccessible without the help of Media Super.'

NEW NO-FRILLS INVESTMENT OPTION

INDEXED BALANCED



A new low cost, no-frills investment option is now available to members, with the introduction of the Indexed Balanced option on 1 July.

Everyone from billionaire Warren Buffet to the Barefoot Investor, Scott Pape, has talked about indexed investment options, but what are they and are they right for you?

What is an indexed investment?

An indexed investment is passively managed, investing by certain criteria to mimic another investment strategy but without the active decision making. For example, you can invest in an index for the ASX200 – you'll be invested in whichever companies are in the ASX200 at any particular time, with the composition only changing if the companies in the ASX200 changes.

How Media Super's Indexed Balanced option compares

Indexed balanced funds are invested in a mix of asset types, but are less diversified than a traditional balanced option, aiming to provide a moderate investment return. Media Super's Indexed Balanced fund is one of the more diversified low cost options available, as it includes investments in emerging markets equities, listed property and listed infrastructure.

The Barefoot Investor has suggested using a low cost indexed option to achieve what he refers to as an 'SMSF Lite' strategy – low cost with ultimate

control. By combining an indexed option with a direct investment product, you get the best of a self-managed super fund (the ability to directly invest in shares) and the best of a traditional super fund (low compliance costs and hassle). Media Super members can achieve this by combining the Direct Investment option with the new low cost Indexed Balanced option.

Thinking of changing investments?

Everyone's investment needs are different based on your age, financial circumstances and comfort with risk. The Indexed Balanced option may be a great low cost option for some members, especially if paired with Direct Investment, but may not be the right risk/return mix for other members.

Before you make a decision to change, it's a good idea to give our Helpline a call on **1800 640 886** and talk through your options and any questions you may have.

See the *Investment Guide* and *Direct Investment Guide* at mediasuper.com.au/pds for details.



IT'S NEVER BEEN MORE IMPORTANT TO UPDATE YOUR DETAILS

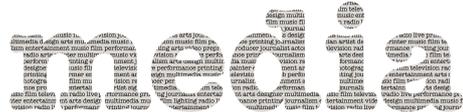
If you're reading this, it looks like we have your current postal address – but what about your email and phone number?

We often need to contact members to let them know about important changes that may affect their account, including transfers to the ATO or losing insurance cover due to inactivity.

Plus we do our best to let members know about updates on your investment returns, how we're working for you, and tips and education to make the most of your super.

It just takes a few minutes to log into your account at mediasuper.com.au and update your details. Or give our Helpline team a call on **1800 640 886** to update them over the phone.

Super Helpline
1800 640 886
mediasuper.com.au



super



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* Media Super has engaged Industry Fund Services [IFS] ABN 54 007 016 195 AFSL No 232514 to facilitate the provision of financial advice to members of Media Super. Advice is provided by one of our Financial Planners who are Authorised Representatives of IFS. Fees may apply. Further information about the cost of advice is set out in the relevant Financial Services Guide, a copy of which can be obtained by calling IFS on 1300 138 848. IFS is responsible for any personal advice given to you by its Authorised Representatives.

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