

2022-23

REPORT TO MEMBERS



STATE SUPER
SAS Trustee Corporation



2022-2023 SNAPSHOT

**Net
zero
by 2050**
carbon
objective

**85,000
members**
across three schemes
– SASS, SSS
and PSS

**\$38
billion**
in assets
in pooled fund at
30 June 2023

9.90%
Return
to members in the
DC Growth
investment option

8.0%
Return
to members in the
DC Balanced
investment option

**3,110
MEMBERS**
attended one of
our **62 free**
educational
webinars

**Ranked
Top 20
largest**
Australian
superannuation funds
by total FUM

**100+
years**
since the trustee
was established on
1 July 1919

**5 Member
BELIEFS**
to confirm our
promise to
members

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SASS

AT A GLANCE



	SASS
Members at 30 June 2023	<p>Contributing members: 11,763</p> <p>Deferred benefit members: 7,802</p> <p>Pension members: 5,025</p> <p>Total members: 24,590</p>
Member contributions	<p>Members elect to contribute between 1% and 9% of their salary.</p> <p>71% of member contributions were received via salary sacrifice.</p>
Type of benefits	<p>Retirement/withdrawal benefit – a lump-sum benefit based on average contribution rate, final average salary and years of membership. The benefit includes member contributions and investment earnings less fees and insurance premiums (where applicable).</p> <p>Pensions – some members of superseded schemes also have a pension option.</p> <p>Additional benefit cover – optional cover provides a benefit payable on top of the standard benefits available to contributors where retirement is due to total and permanent invalidity or death before the contributor reaches the statutory retirement age.</p>
Membership	SASS commenced 1 April 1988 and was closed to new members 19 December 1992.
Legislation	SASS was established under the <i>State Authorities Superannuation Act 1987</i> .
Scheme eligibility	New employees in the NSW public sector were eligible to join the scheme and members of the Public Authorities Superannuation Scheme (PASS) were transferred to SASS from 1 April 1988. By 1990, a number of other public sector superannuation schemes were closed and members of these schemes were transferred to SASS. These schemes included, among others, the State Public Services Superannuation Fund (SPSSF), the Transport Gratuity Scheme and the Government Railways Superannuation Fund.
SANCS	<p>In addition to the SASS benefits outlined above, all members receive the SANCS lump-sum basic benefit. The benefit is 100% employer-funded and, depending on the reason for exiting employment, accrues at the rate of up to 3% of either final or final average salary for each year of service from 1 April 1988 (or employment commencement date if later). SANCS was closed to new members in 1992. A members' SANCS benefit also consists of any applicable Additional Employer Contribution, Commonwealth Government Co-contribution and Low-Income Super Tax Offset (LISTO) amounts.</p> <p><i>The State Authorities Non-contributory Superannuation Act 1987</i> is the establishing legislation.</p>

SASS is administered by the SAS Trustee Corporation (STC) under the *Superannuation Administration Act 1996*. As Trustee, STC holds all Fund assets in trust in the Pooled Fund.

SSS AND PSS AT A GLANCE



	SSS	PSS
Members at 30 June 2023	Contributing members: 674 Deferred benefit members: 729 Pension members: 53,726 Total members: 55,129	Contributing members: 304 Deferred benefit members: 57 Pension members: 6,760 Total members: 7,121
Member contributions	<p>Members generally contribute towards individual pension units on a rate-for-age basis.</p> <p>79% of member contributions were received via salary sacrifice.</p>	<p>Members contribute 6% of their salary.</p> <p>73% of member contributions were received via salary sacrifice.</p>
Type of benefits	Mainly pension benefits, with a lump-sum commutation option.	Mainly pension benefits, with a lump-sum commutation option.
Membership	SSS commenced 1 July 1919 and was closed to new members 1 July 1985.	PSS commenced 1 February 1907 and was closed to new members 1 April 1988.
Legislation	SSS was established under the <i>Superannuation Act (NSW) 1916</i> (Superannuation Act).	PSS was established under the <i>Police Regulation (Superannuation) Act 1906</i> .
Scheme eligibility	Salaried employees of the NSW public service, including teachers and a number of statutory authorities scheduled in the Superannuation Act were eligible to join SSS.	Members of the NSW Police Service employed prior to 1 April 1988.
SANCS	<p>In addition to the SSS and PSS benefits outlined above, all members receive the SANCS lump-sum basic benefit. The SANCS benefit is 100% employer-funded and, depending on the reason for exiting employment, accrues at a rate of up to 3% of either final or final average salary for each year of service from 1 April 1988 (or employment commencement date, if later). A members' SANCS benefit also consists of any applicable Additional Employer Contribution, Commonwealth Government Co-contribution and Low-Income Super Tax Offset (LISTO) amounts. SANCS is governed by the <i>State Authorities Non-contributory Superannuation Act 1987</i> and was closed to new members in 1992.</p>	

SSS and PSS are administered by the SAS Trustee Corporation (STC) under the *Superannuation Administration Act 1996*. As Trustee, STC holds all Fund assets in trust in the Pooled Fund.

A MESSAGE FROM THE CHAIR



The consequences of COVID-19 continued to have a significant influence on the operations, the risks and the investment strategies of State Super throughout the 2022/23 financial year.

Specifically, the sharp rise in global inflation had its origins in the monetary and fiscal policies adopted by many governments and central banks across the world to stimulate their economies during, and after, the pandemic. Massive liquidity injections were matched by a period of extraordinary low interest rates which, combined, have had both desirable and undesirable consequences.

Those actions introduced a period of 'cheap money' that underpinned a wave of investment in real assets, of devaluation of cash balances, and resulted in a spiral of inflation as workers and businesses sought to protect their 'real' financial position through higher prices for goods, services and labour.

State Super's priorities, therefore, have been heavily influenced by

our concerns to protect members' funds from the potential adverse consequences of the inflationary environment. We focused on specific strategies to minimise the risk of members' real capital being eroded by the relatively high inflation rate.

I am therefore pleased to report another year of top-quartile investment performance in this last challenging year. But to illustrate my comments about the impact of inflation, the strong nominal return of 9.9% in the Defined Benefits Growth portfolio has to be considered in the context of the Australian inflation rate of 6.0% for the financial year. In short, the erosive power of inflation was contained, well-managed, but not eliminated.

I will highlight three themes to which the Board has given particular attention during the year.

Responsible investment

Environmental, social and governance issues (together referred to as 'ESG' or 'Responsible Investment' issues) remain a priority for the Board, if anything receiving even more attention than in the previous year.

In my last year's report, I wrote about the work being done to establish a workable framework to measure the carbon footprint associated with our investment portfolio.

The framework is now fully functional, and the Board receives regular reports on the carbon footprint. The Board is satisfied that the portfolio aggregate emissions and carbon intensity are reducing in line with a trajectory consistent with achieving our interim 2030 objective of a 45% reduction in emissions across our portfolio over 2010 levels by 2030.

I said last year that we are strongly committed to engaging with the companies in which we invest for the purpose of stimulating meaningful improvement where necessary across all environmental, social and governance issues. Our investment team takes that commitment seriously and has continued to build that engagement, working closely with our portfolio asset managers and with our proxy advisors including ACSI.

State Super holds direct interests in various unlisted infrastructure projects whose ESG performance

are reported individually to the Board. Given the potentially lessened transparency into some of these privately held companies, the Board and the Board Investment Committee gives additional scrutiny to their ESG reports. The Board is satisfied that overall the unlisted portfolio is performing to satisfactory ESG standards. However I should note one infrastructure investment, Kelda Holdings ('Kelda'), that has caused concern for the Board.

Kelda is a private company which wholly owns a regulated UK water utility, Yorkshire Water PLC. Prior to June 2023 State Super owned 12.75% of Kelda. Much of Yorkshire Water's infrastructure dates back to the 19th century and is increasingly less able to meet 21st century environmental standards.

In 2022/23 the UK Water Regulator, OFWAT, directed Yorkshire Water to undertake various upgrades of its water treatment network to improve the quality of its services. The Regulator also required the capital structure of Yorkshire Water be strengthened by the injection of additional equity funds.

With that background, in June State Super subscribed GBP 105.5 million of additional equity (through Kelda) to enable Yorkshire Water to strengthen its capital structure and to undertake the necessary network improvements to improve its environmental performance, increasing State Super's ownership to 15.60% (post year-end).

This support for Kelda is a tangible example of State Super's commitment to action on ESG matters. Kelda will of course now be subject to an enhanced level of oversight and reporting to the Board as they implement the major upgrades to their network.

Cyber security

There have been several high-profile incidents of cyber-attack on major Australian organisations which have resulted in significant breaches of security and the loss of sensitive customer data.

The State Super Board and Management team devotes attention and resources to identifying potential cyber risk that may be inherent in our operations and to minimising the risk of associated adverse consequences from cyber attack. In this regard some of the actions taken by us over the past year include an external review of the magnitude of our potential exposure to cyber attack, completion of a project to map and to separate all member data elements retained across our systems, and a full scale simulation of a cyber attack with subsequent Management/Board actions.

We are also in regular dialogue with our external service suppliers to seek assurances that their cyber security measures are no less strong and comprehensive than our own.

State Super operating model

I wrote last year about the early planning being done in regard to identifying the optimal operating model to meet the needs of the changing State Super member base.

As that long term planning develops we have become increasingly aware of the tangible benefits that may be associated with the growing availability and sophistication of artificial intelligence, both in lowering the cost of routine transaction processing and, equally, in how we interact with members. AI is still in its relative infancy but we are ensuring that new system designs should be sufficiently open-ended

to allow the subsequent future easy introduction of AI processes where beneficial.

Of more immediate impact, I am pleased to report that our administration partner, Mercer, has completed the migration of all the State Super administration process to a new IT platform. All our Schemes are now on the one platform, and we are now in the process of entering the commercial renegotiations with Mercer – which was always in the equation post IT migration.

I must also highlight the commissioning of a new State Super office in Wollongong. This small 'hub' is located in the same building as Mercer and has strengthened our interaction with our administrator leading to improved communications with faster, more efficient issue resolution.

Team commitment

I say it every year, but again the State Super team has consistently performed at the highest levels. The commitment and effort of each individual is recognised and sincerely appreciated. Similarly, the leadership and support provided by the Board members and by the State Super executive team has been central to the success of the business in a difficult environment.

I offer my sincere thanks to all members of this outstanding organisation.



Nicholas Johnson
Chair
October 2023



The year in review

Each year feels different as we adapt in response to the continually changing environment; to realise the foresight of our founders to deliver a superior retirement for our frontline workers and other members, supported by excellent investment returns and with robust governance. And prepare for the future!

Members

Our 86,000 members are teachers, nurses, police, firefighters – frontline workers and people who have dedicated their lives to support our community and our State. For our pension members, we have a relationship that is likely to extend for life. And many of our members live to be centenarians! The rich relationships we have created over their journey has enabled us to focus specifically on the needs of our members. These relationships have also meant that when we had our first Annual Member

Meeting in December 2022, we had over 800 members register to join us! A level that funds with ten times as many members could not achieve! And that's on top of the hundreds of members that have joined us in our regular member forum.

It has also meant that members are comfortable to talk to us, such as when they discussed the value of a lifetime pension in keeping them in the public service. This inspired us to wonder, and then test, whether a modern, fiscally sustainable interpretation of a lifetime pension might again retain our young frontline workers in the future. State Super adapting to the needs of the 21st century.

Of course, delivering services also means ensuring that the basic administration is done well. Our current administrator, Mercer, just finalised the transition of the last group of members to the latest system in May 2023 – a process that has spanned over 5 years. At every step, in line with our firm governance focus, State Super has reviewed progress and devoted significant resources to managing risks and respond to issues as they arose. Albeit within the significant legislative

constraints to date. We are hoping to address these constraints shortly.

The challenge of inflation has gratefully been dampened for our pension members who have their pensions indexed in accordance with inflation. It was only a few years ago, during Covid that State Super intervened to prevent a negative inflation indexing being passed on to members!

Investments

As with members, our investment challenges are unique. None more so than because our pension payout exceeds our contributions. An inflation environment exacerbates this, but we've adapted and responded such that State Super delivered an investment return for 'Growth' that would put it well in the Top 10 of funds in Australia. With *significantly* lower risk, which translates into more dollars for members. Our knowledge will be very valuable for the overall Superannuation industry who are likely to experience the same profile in the near future.

And of course, for the Defined Benefit fund, delivering superior returns has meant we work



closely with TCorp, ensuring we can utilise the talent that they have within a robust governance framework to deliver superior returns.

Our commitment to Responsible Investment continues, and we have been working closely in aligning our Investment Managers and TCorp to provide a robust process from investments. Furthermore, we are maintaining commitment to Net Zero by 2050 and will be providing updates as they become pertinent.

2022/23 was also a year where a combination of inflation and lower than target returns during Covid, meant that we were likely to be off mission to achieving full funding by 2040. Our fruitful discussions with government have meant that we have been allocated an additional \$400m each year, on top of current government contributions. The vagaries of inflation and investment markets however have meant that the path to full funding moves around each year. In addition, our liquidity constraints also impinge investment strategy. In response, State Super and Treasury are working to develop a Sustainable Funding Framework (SFF) providing clearer guidelines to funding ratios and liquidity,

and possibly relaxing a constraint in the way the Trustee sets Investment Strategy.

People

Our exceptional Employee Engagement scores continue to reflect a strong relationship between staff and State Super. There was no greater interpretation of this, than the 90% response to voting for our latest Enterprise Agreement, with complete unanimity!

However, State Super operates in financial services, and specifically superannuation. Our staff's skills are the envy of many Superannuation Funds and keeping them at State Super is a key focus for the next year.

Our governance

We regularly conduct an independent external review of our governance performance against the Heads of Government Agreement (HOGA), which provides for alignment with APRA prudential standards on a 'best endeavours' basis. Again this year, the results were comforting.

Furthermore as part of our review of suppliers of internal audit services, we appointed BDO (subsequent to 30 June 2023) for the next 5 years.

We are delighted that the Auditor General has provided a satisfactory Independent Auditors Report, which can be read in the body of this Annual Report.

Our way forward

With the Minns government in office from March 2023, we have maintained strong relationships with Treasury and all government departments, as well as the new government – and specifically the Treasurer, the Hon Daniel Mookhey – who is our Minister and our regulator under HOGA.

We have an ambitious legislative program with changes requested to enable State Super to adapt to realities in Administration, Investments and People. In addition, we are working with government to leverage State Super's decades long knowledge of frontline workers to help NSW retain nurses, teachers and police.

Thank you!

Our successes and our ambitious plans are not possible without the dedication of our people who deliver on our promises to members. This comes about through application and talent, but most importantly because our people care! Thank you!

I would also like to thank the members of our Board, and in particular my Chair, Nicholas Johnson, who have provided me and the organisation with the support and guidance that has resulted in our successes.

John Livanas
Chief Executive Officer
October 2023

YOUR TRUSTEE BOARD



The Trustee Board is appointed by the Treasurer of NSW and comprises:

- an independent Chairperson
- four employer representatives
- four employee representatives nominated by Unions NSW.

Professional indemnity insurance is in place for the Trustee Board and each Board member.

Employer representatives



Carol Austin
Company Director
Appointed June 2018;
reappointed June 2022



Russell Mason
Company Director
Appointed November 2022



Lisbeth Rasmussen
Company Director
Appointed March 2020



Cathy Yuncken
Company Director
Appointed May 2022

Chairperson



Nicholas Johnson
Chairperson
Appointed June 2015;
reappointed June 2019
and June 2023

Employee representatives



Catherine Bolger
Professionals Australia
Appointed September 2015;
reappointed October 2019 and
September 2023



Alex Claassens
NSW Rail,
Tram and Bus Union
Appointed November 2012;
reappointed November 2016
and November 2020



Thomas Costa
Unions NSW
Appointed February 2023



Tony O'Grady
Formerly NSW Nurses and
Midwives' Association
Appointed June 2013;
reappointed September 2017
and September 2021

Thank you

State Super would like to take this opportunity to thank the following former Board members for their valuable contribution during their term:

Claire Keating
Company Director
Appointed November 2016;
reappointed November 2019,
resigned 31 October 2022.

Stewart Little
Public Service Association
of NSW
Appointed September 2019;
resigned 1 December 2022

FUNCTION AND ROLE OF STATE SUPER AND THE BOARD



State Super

The principal functions of State Super as set out in s.50(1) of the SA Act are to:

- administer the State Super schemes
- invest and manage the Pooled Fund
- provide for the custody of the assets and securities of the State Super schemes
- ensure that benefits payable to persons entitled to receive benefits under the State Super schemes are paid in accordance with the Acts under which the schemes are constituted
- determine disputes under those Acts
- exercise such other functions regarding the State Super schemes and the Pooled Fund as the Minister may, from time to time, approve by order in writing.

State Super is required by the SA Act to outsource the following principal functions for the State Super schemes:

- superannuation scheme administration services
- superannuation investment management services
- custodian services.

The Board

Under s. 69(5) of the SA Act the State Super Board (the Trustee Board) manages and controls the affairs of State Super. The role of the Trustee Board extends to strategy, corporate governance, risk management, policy making and monitoring. Accordingly, the Trustee Board is responsible for:

- monitoring the State Super schemes and the Pooled Fund, including the control and accountability systems

- appointing and removing the Chief Executive Officer
- providing input to, and final approval of, the long-term strategy for the State Super schemes and annual Strategic and Business Plan
- approving and monitoring the annual budget and any extraordinary expenditure
- approving and monitoring State Super's risk management, compliance and control systems and policies
- approving and monitoring policies and procedures for the management of the Fund, including:
 - business plans, policies and processes for the proper direction, control and performance measurement of the Fund
 - standards to assess the performance of State Super's service providers
- setting the objectives, strategies and risk for investments, approving major investment decisions and monitoring and assessing investment performance
- approving and monitoring State Super's governance procedures for the Trustee Board and the staff of State Super, including work health and safety, and the Code of Conduct and Ethics
- monitoring the performance of the Pooled Fund, the Trustee Board's activities, State Super management and State Super's service providers.

Trustee Board members are remunerated in accordance with the NSW Government's Classification and Remuneration Framework for NSW Government Boards and Committees.

FUNCTION AND ROLE OF STATE SUPER AND THE BOARD - CONTINUED



State Super committees

A number of Board Committees assist with the performance of State Super's functions and monitor the compliance of external service providers against their contractual requirements. The Committees and their membership at 30 June 2023 are listed below.

Investment Committee

Mr N Johnson (Chair)
Ms C Austin
Ms C Bolger
Ms L Rasmussen

Risk, Audit and Compliance Committee

Ms C Bolger (Chair)
Ms C Yuncken
Mr T O'Grady

Member Services Committee

Mr A Claassens (Chair)
Mr T O'Grady
Ms C Yuncken

People and Culture Committee (previously Human Resources and Nominations Committee)

Mr A Claassens (Chair)
Ms C Bolger
Mr N Johnson

Police Superannuation Advisory Committee

Mr A Claassens (Acting Chair)

The Police Superannuation Advisory Committee (PSAC) comprises a Chair appointed by the Minister, three nominees of the Police Association of New South Wales and one nominee each from the Commissioned Officers' Branch of the Public Service Association of New South Wales, State Insurance Regulatory Authority, the Minister for Police, and State Super. The State Super nominee is a member of the State Super Executive.

PSAC determines entitlements under the Police Superannuation Scheme for members of the NSW Police Force who seek to be medically discharged, for 'Hurt on Duty' Scheme pensioners who apply for pension increases and in relation to 'Hurt on Duty' death benefits and it also advises State Super on any administrative matters under the *Police Regulation (Superannuation) Act 1906* that are referred to it by the Board.



For more information about each of the Trustee Board Committees, refer to State Super's Annual Report to Parliament, available on the State Super website at www.statesuper.nsw.gov.au.

MEMBER SERVICES UPDATE



Member interviews with Customer Service

Interview Services using the Zoom video call platform are available by appointment from 9.00am to 5.00pm Monday to Friday.

State Super's free Interview Service is available to all current and deferred members as well as pension members.

Customer service staff can meet with you via a virtual face-to-face video call. They can assist with general information about your scheme, superannuation rules, even completing administrative forms or other paperwork. Easy-to-follow instructions will be supplied to help you join your video interview.

Of course, you can contact us by phone for assistance any time during business hours. There is also a wide range of information available on our website. Details about the rules, benefit entitlements and membership conditions of each of the State Super schemes are provided in a series of fact sheets.

To download a form or fact sheet, go to www.statesuper.nsw.gov.au and search for the name or document number or scroll through your scheme's documents to find what you need.

Member login now with two-factor authentication

Did you know you can keep track of your State Super benefits online via the secure member login on our website. And this year we've introduced enhanced security features which means that every time you log in:

- A unique PIN number will be sent to your mobile phone or email address (we will use the details that are currently on file).
- You will need to enter the PIN number which will then be validated.

For members who do not have either a mobile number or email address on file, you will need to update your member details in order to use the new security features.

Registering for online access enables you to:

- update or change your contact details
- view and download your last annual statement, or view your fortnightly pension
- access an online benefit estimate (SASS members)

To register, simply go to statesuper.nsw.gov.au and click on the Member Login link (top right corner) and complete the new user registration details.

Seminars continue as online Webinars

State Super webinars continued during 2023 with 3,110 members taking advantage of this service last year.

Our webinars are presented on our behalf by qualified financial planners from Aware Super, who are specifically trained in your superannuation scheme.

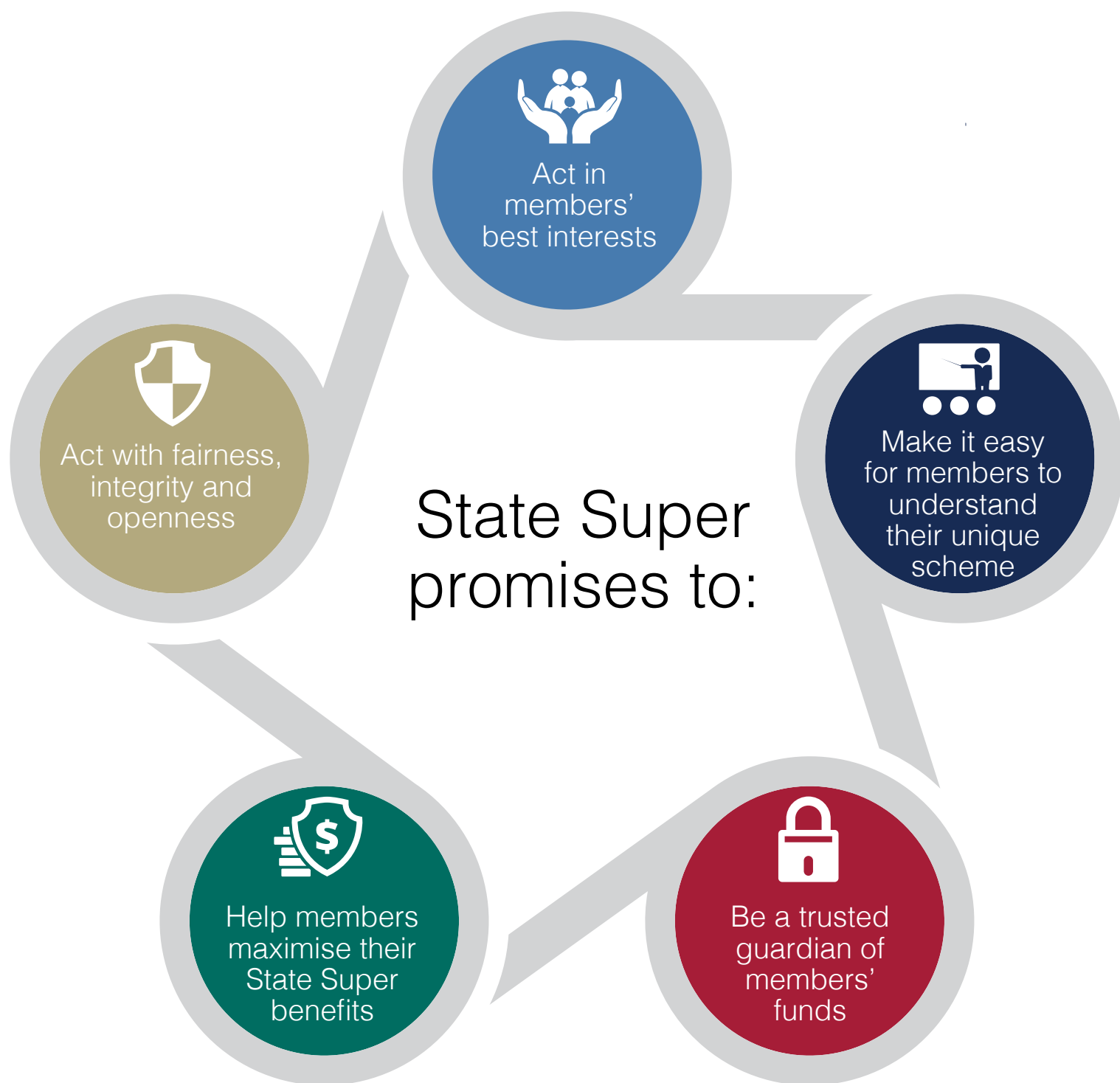
They can help you understand how to maximise your superannuation and plan for the future.

Our webinars will help you to:

- learn more about your scheme – how it works, what your choices are and how to make the most of your available benefits
- understand how and when the decisions you make about your employment and superannuation can affect your retirement benefits
- understand the Centrelink rules and the benefits you could be eligible for
- find out how a financial plan can help you make the most of your super

Easy-to-follow instructions are provided on how to join and participate online from the comfort of home. To make a booking to attend one of our webinars, call **1800 620 305** or go to retire.aware.com.au/find-a-seminar where you can view dates and times that are convenient for you.

Our Member Beliefs



We listen, learn and grow with you.

STATE SUPER ACADEMIC SCHOLARSHIPS



STATE SUPER
ESG for Impact
SCHOLARSHIP

About the Scholarship

State Super is excited to announce we are relaunching our scholarship program with a renewed focus on ESG and Responsible Investment issues for 2024.

We are able to provide valuable financial support to successful applicants through the **State Super ESG for Impact Scholarship**.

What fields of research are applicable for the scholarship?

Proposed research should contribute to the knowledge base for future planning in one of State Super's priority areas:

- **Environment** - Greenhouse gas (GHG) footprint, Air and water pollution management, Waste management, Water resource management, Natural disasters and climate risk
- **Social** - Human rights, Diversity, Equality, and Inclusion (DEI), Fair wages, Community impacts and philanthropy, Data security and privacy, Labour conditions/modern slavery
- **Governance** - Board composition, Conflicts of interest, Bribery and corruption, Political contributions and affiliations, Whistle-blower protections
- **General/Data analytics** - ESG and data analytics, Net Zero data analytics, ESG and Risk

Research that includes our more traditional topics of public sector employees and their **retirement, pensions or superannuation** will also be accepted for consideration.

The scholarship will support those seeking to complete research at a postgraduate level – either **Honours/Masters** (by Research) or **Doctor of Philosophy (PhD)**.

Who should apply?

Any post-graduate student who has a desire to contribute to a vision for the future of ESG, responsible investment, superannuation or retirement and has demonstrated academic excellence in their field.

What is included in the State Super Scholarship?

The successful applicants will receive financial support for a period of 12 months as follows:

Study	Amount	Number of scholarships
Honours/Masters (by Research) Scholarship	\$16,000	4 per year
PhD Scholarship	\$36,000	1 per year

Successful applicants may apply for the scholarship in subsequent years.

Which universities are participating?

All NSW Universities that are scheduled employers in State Super:

- The University of Sydney
- University of New South Wales
- Macquarie University
- The University of Newcastle
- Southern Cross University
- University of Technology Sydney
- University of New England
- Western Sydney University
- University of Wollongong
- Charles Sturt University

Students from regional or emerging Universities are encouraged to apply.

Key dates

Applications open	1 October 2023
Applications close	8 December 2023
Scholarships awarded	9 February 2024

Note: Applicants must commence postgraduate study in the 2024 calendar year.

Application

Visit the State Super website to apply
www.statesuper.nsw.gov.au/about-us/scholarship



Super helpful advice for your retirement

No matter what your retirement and financial goals are,
a little help now can make a big difference to your future.

We've been providing comprehensive financial planning
services to State Super members, public sector employees
and their families for over 30 years.



Scan here or visit
retire.aware.com.au/statesuper

**Call Aware Super on
1800 620 305 to book
an appointment**





In FY23, all investment options experienced impressive returns. Specifically, the Member Investment Choice options DC Growth, Balanced and Conservative outperformed their respective SuperRatings cohorts, securing top quartile performance in the 12-month period leading up to 30 June 2023.

The primary factor responsible for generating returns was the performance of liquid growth assets, which benefited from the strength of equity markets. Additionally, most other asset classes also made positive contributions to the overall returns. However, the performance of liquid defensive assets had a negative impact on returns. In a rising

interest rates environment, fixed interest investments experienced a slight decline. Similarly, downside equity hedges detracted from returns given the strong equity markets.

The Trustee Selection and all diversified investment option strategies, with the exception of the Conservative option, have delivered returns above their long-term performance objectives.

State Super implements its investment strategies through investment managers, with TCorp undertaking all manager selection activities for Trustee Selection. Over the course of the financial year investment managers' performances in each of the

investment strategies were reviewed and adjustments made to ensure the risk return characteristics of each investment strategy were in line with investment objectives. State Super continues to maintain prudent liquidity requirements to fund its liabilities and a focus on liquidity management remains a priority for the investment team.

Risk and asset allocation settings for the Fund are reviewed regularly. The asset allocation for each investment strategy is well diversified across asset classes, risk premiums, investment managers and individual securities. The aim is to generate returns with substantially reduced volatility. Risk management plays a crucial role in this process.

Year ending	Crediting rate to members (%p.a.)					
	Growth Strategy	Balanced Strategy	Conservative Strategy	Cash Strategy	Trustee Selection	University Cash
30 June 2023	9.9	8.0	6.1	2.7	8.8	2.5
30 June 2022	-1.7	-0.9	1.1	0.1	-0.6	0.1
30 June 2021	14.3	8.9	5.6	0.1	13.1	0.1
30 June 2020	1.5	2.7	3.0	0.9	1.3	0.8
30 June 2019	7.6	5.9	4.7	1.9	8.5	1.8
Average annual compound rate (% p.a.)						
Over 3 years	7.3	5.3	4.2	1.0	6.9	0.9
Over 5 years	6.2	4.9	4.1	1.1	6.1	1.0
Over 10 years	7.7	6.3	4.9	1.6	7.5	n/a

Note: The figures above are after allowance for tax and investment management expenses. Past returns are no guarantee of future returns. The value of a SASS member's personal account, Commonwealth Government contribution accounts and deferred benefits are not guaranteed and can fluctuate with investment gains or losses. SASS members should seek professional financial advice to help them select an investment strategy that best suits their personal circumstances. For up-to-date investment returns information, visit the State Super website at www.statesuper.nsw.gov.au.



INVESTMENT MANAGEMENT

Strategic asset allocation

State Super allocates assets into three categories – Liquid Growth, Alternatives and Liquid defensive – to reflect the role of each type of asset within the portfolio.

Category	Asset Class
Liquid growth	Australian equities
	International equities
	Property
Alternatives	Infrastructure
	Other alternatives
Liquid defensive	Australian fixed interest
	International fixed interest
	Defensive Strategies
	Cash

Liquid Growth is expected to make a large contribution to long-term returns; however, the market is likely to remain highly volatile. The allocation to Liquid Growth, as well as the allocation between Australian and international equities within this category may be changed from time to time depending on market opportunities.

Alternatives serve a dual purpose. Some of the asset classes within this category are expected to generate returns that are in line with or higher than the return objective. Other asset classes within Alternatives aim to provide good returns while also reducing volatility, particularly during periods of equity market declines.

Liquid Defensive represents asset classes that tend to do well when equity markets are turbulent or fall. These asset classes provide capital protection when most other strategies are not performing well

but are not expected to significantly contribute to the return over the long term. However, the historically low interest rates mean that the returns on these assets are likely to be below inflation over the short to medium term. This led to the addition of the income asset class that aims to deliver yield above cash with strong capital preservation characteristics.

State Super dynamically allocates assets between different asset classes, based on changes in the investment environment. The allocation to Alternatives, on the other hand, tends to be strategic in nature and generally illiquid, with investments being held over the medium to long term.

State Super conducts annual reviews of the strategic asset allocation in collaboration with its advisers. These reviews prioritise critical areas such as defining the investment risk and return objectives, taking into consideration the expected investment environment over each investment option's timeframe, and evaluating liquidity requirements for the short- and medium-term to ensure timely payment of member benefits.

MARKET RISK PROTECTION STRATEGIES

The Trustee is focused on mitigating the risks of a large drawdown in equity markets; however, downside protection strategies typically require a premium to be paid for that protection and could also mean giving up some return in strong equity markets. State Super carefully weighs up this trade-off in managing its downside risk.

Downside protection – The Trustee may employ a series of investment strategies to manage downside risk, which could include a combination of derivatives for hedging and exposure management, rotation of assets and managers, centralised managed currency overlay, option strategies and manager benchmarking focused on downside risk management.

Exposure management – In the case of the Trustee Selection and all DC Strategies, the listed asset classes can be tilted away from their respective asset

allocation weights in a disciplined manner. The portfolios are tilted using dynamic asset allocation ranges set for each of the strategies to capture upside potential gains and provide a degree of downside protection.

RESPONSIBLE INVESTMENT

State Super's Investment Beliefs recognise that "environmental, social and governance (ESG) factors may materially impact investment risk and returns, particularly over the long term". State Super is committed to the integration of responsible investment and ESG factors in the selection, retention and realisation of investments, and the adoption of an active ownership approach across the Pooled Fund.

State Super continued to enhance its Responsible Investment Policy over the 2023 financial year in line with its new Responsible Investment Policy, Climate Change Statement and updated Stewardship Statement.

Significant developments in this respect include:

- **Net-Zero** – State Super continues to make progress on its net-zero CO₂e goal across its investment portfolio, in its Pooled Fund, by 2050. Progress against a suite of metrics was reported to the State Super Board, with STC having the intention to disclose externally verified metrics to members for the year end 2023. In December 2022, the Board-approved plan was formulated with input from TCorp and MAS, with State Super setting a milestone of a 45% reduction in the weighted-average intensity of CO₂e emissions by 2030 by revenue against an end of calendar 2020 baseline, on the way to the 2050 net-zero objective.
- **Proxy voting** – All proxy voting for DC and DB Options voted by State Super and TCorp respectively. For DC Options voting is based on a bespoke policy for international equities, with a change made during the year to re-appoint the Australian Council of Superannuation Investors as our prime advisor for domestic votes. Proxy voting for Trustee Selection has been delegated to TCorp. State Super continues to publish six-monthly proxy voting activities on its website.
- **Engagement** – State Super continues to engage with companies and collectively on climate and ESG policy through organisations such as The Australian Council of Superannuation Investors, Hermes EOS, Investor Group on Climate Change, the Principles for Responsible Investment and the Australian Sustainable Finance Institute. During the year, a State Super representative travelled to Canberra to discuss domestic sustainable finance matters with various federal Ministers.
- **Climate modelling** – With its advisors, State Super continues to model alternative climate change scenarios in order to assess the impact of climate change on the expected risk and return characteristics for different asset classes and reflect its impact in the annual investment strategy review. Our last climate modelling was undertaken for FY 21/22 as part of the preparatory work ahead of setting the Net-Zero ambition. This year, the DC Option has commenced an initial research project to understand climate modelling in great depth. The intention is for the outcomes to be applicable to the DC Option in FY 23/24.
- **Modern Slavery** – State Super continues to engage with investment managers regarding modern slavery risks and has again requested reporting from them to assist in monitoring and addressing this on an annual basis. We include reporting requirements in our contracts as well as our expectations of compliance with the regulatory requirements to modern slavery. We actively engage with investee companies regarding their approach to modern slavery.
- **Carbon footprint analysis** – State Super continues to measure and monitor the carbon footprint of the listed equities portfolios within the DC fund through our Responsible Investment Risk dashboard and has implemented carbon reduction strategies for quantitative equities strategies, for which further reductions were implemented this year. This will form part of the ongoing management of ESG risk. At reporting date, TCorp continue to invest with reference to a low carbon benchmark for the passively managed developed market equities portion of the DB portfolio.
- **Exclusions** – State Super continued to exclude investments in tobacco (GICS Code: 30203010) and controversial weapon manufacturers from the Pooled Fund, based on specific thresholds for investment and provided by a third party researcher.
- **Diversity** – We firmly believe that individuals from various backgrounds and with diverse perspectives contribute to better member outcomes, which is why we actively recruit diverse teams. At State Super, we highly promote and cherish diversity and inclusion. We have a significant female presence, with strong representation, both at the Board level and within the Executive Leadership Committee. Our commitment to this extends to our investee companies, where we advocate for increased diversity, not only on the Board but also among the executive team and expect them to maintain a balanced gender composition.

INVESTMENT STRATEGIES AT 30 JUNE 2023

DEFINED BENEFIT INVESTMENT STRATEGIES

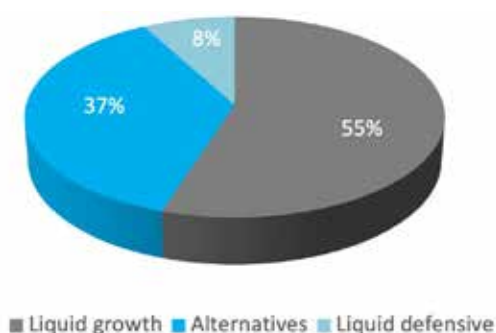
Defined benefit investment strategies are used to invest assets within the State Super Pooled Fund that support employer reserves. Such reserves are held in order to meet the New South Wales Government's obligation to provide defined superannuation benefits.

Trustee Selection Strategy

Investment objective: The objective of the Trustee Selection Strategy is to maximise the earnings rate, subject to a greater than 50% probability of exceeding CPI + 4.5%* p.a. over rolling 10-year periods.

Risk: High (standard risk measure risk band 6: from 4 to less than 6 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$30,525 million



Asset allocation at 30 June 2023:

	Strategic %	Actual %
Liquid growth	55.0	53.0
Australian equities	11.0	11.0
International equities	44.0	42.0
Alternatives	37.0	41.0
Infrastructure	12.0	16.0
Property	7.0	10.0
Other alternatives	18.0	15.0
Liquid defensive	8.0	6.0
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Defensive Strategies	4.0	3.0
Cash	4.0	3.0
TOTAL	100.0	100.0

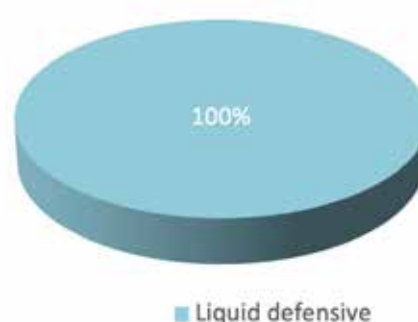
*This is calculated after pension tax

University Cash Strategy

Investment objective: The objective of the University Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding cash p.a. over rolling three-year periods.

Risk: Very Low (standard risk measure risk band 1: less than 0.5 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$381 million



Asset allocation as at 30 June 2023:

	Strategic %	Actual %
Liquid growth	0.0	0.0
Alternatives	0.0	0.0
Liquid defensive	100.0	100.0
Australian fixed interest	0.0	0.0
International fixed interest	0.0	0.0
Cash	100.0	100.0
TOTAL	100.0	100.0

MEMBER INVESTMENT CHOICE (MIC) STRATEGIES

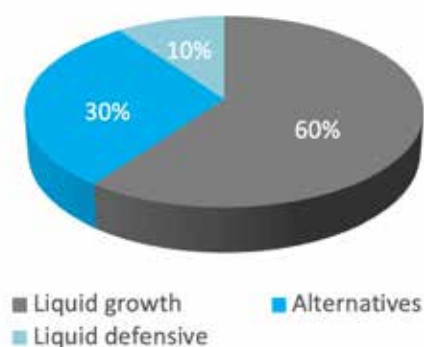
The four State Super MIC strategies are used to invest defined contribution assets within the State Super Pooled Fund.

Growth Strategy

Investment objective: The objective of the Growth Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 3% p.a. over rolling 7-year periods.

Risk: High (standard risk measure risk band 6: from 4 to less than 6 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$5,422 million



Asset allocation as at 30 June 2023:

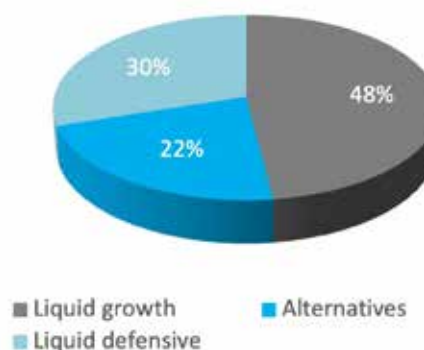
	Strategic %	Actual %
Liquid growth	60.0	58.7
Australian equities	24.0	25.1
International equities	36.0	33.6
Alternatives	30.0	32.6
Infrastructure	7.0	5.7
Property	2.0	6.1
Other alternatives	21.0	20.8
Liquid defensive	10.0	8.7
Fixed Interest	4.0	3.9
Income	3.0	2.6
Defensive Strategies	0.25	0.2
Cash	2.75	2.0
TOTAL	100.0	100.0

Balanced Strategy

Investment objective: The objective of the Balanced Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 2% p.a. over rolling 7-year periods.

Risk: Medium to High (standard risk measure risk band 5: from 3 to less than 4 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$1,209 million



Asset allocation at 30 June 2023:

	Strategic %	Actual %
Liquid growth	48.0	46.1
Australian equities	17.5	17.9
International equities	30.5	28.2
Alternatives	22.0	25.1
Infrastructure	7.0	5.7
Property	2.0	6.1
Alternatives - Other	13.0	13.3
Liquid defensive	30.0	28.8
Fixed Interest	7.0	6.7
Income	8.0	6.8
Defensive Strategies	0.25	0.2
Cash	14.75	15.1
TOTAL	100.0	100.0

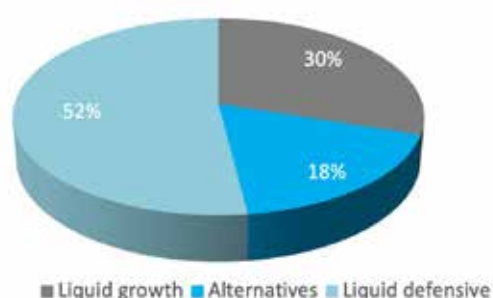
INVESTMENT STRATEGIES AT 30 JUNE 2023 – CONTINUED

Conservative Strategy

Investment objective: The objective of the Conservative Strategy is to maximise the earnings rate subject to a greater than 50% probability of exceeding CPI + 1.0% p.a. over rolling 4-year periods.

Risk: Medium (standard risk measure risk band 4: from 2 to less than 3 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$446 million



Asset allocation at 30 June 2023:

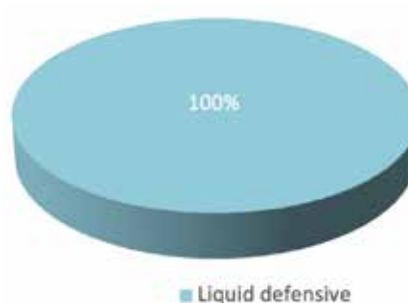
	Strategic %	Actual %
Liquid growth	30.0	28.0
Australian equities	10.5	11.1
International equities	19.5	16.9
Alternatives	18.0	21.4
Infrastructure	7.0	5.7
Property	2.0	6.1
Alternatives - Other	9.0	9.6
Liquid defensive	52.0	50.6
Fixed Interest	9.0	8.7
Income	19.0	16.3
Defensive Strategies	0.25	0.2
Cash	23.75	25.4
TOTAL	100.0	100.0

Cash Strategy

Investment objective: The objective of the Cash Strategy is to maximise the earnings rate subject to a greater than 80% probability of exceeding Cash p.a. over rolling 3-year periods.

Risk: Very low (standard risk measure risk band 1: less than 0.5 negative annual returns estimated over any 20-year period).

Net assets at 30 June 2023: \$160 million



Asset allocation at 30 June 2023:

	Strategic %	Actual %
Liquid growth	0.0	0.0
Alternatives	0.0	0.0
Liquid defensive	100.0	100.0
Cash	100.0	100.0
TOTAL	100.0	100.0

Further information about the Standard Risk Measures and investment objectives is included in SASS Fact Sheet 15: Choosing an investment strategy, which is available on the State Super website at www.statesuper.nsw.gov.au

INVESTMENT UPDATES AND CHANGES



In June 2023, State Super undertook its annual detailed review of the investment strategies and objectives for each investment option of the Pooled Fund.

Strategic asset allocation changes

As part of the review, several strategic asset allocation changes have been made to the DC Member Investment Choice options. We continue to harmonise illiquid assets across different Member Investment Choice options to enhance portfolio liquidity. These changes have been implemented by re-weighting the allocations to the impacted asset classes. While we continue to maintain a constructive longer-term outlook, we are mindful of the heightened risk in the shorter term and these changes are intended to further improve the diversification and provide additional downside risk protection.

Growth, Balanced and Conservative Strategy

As part of the review, we made only minor changes to the Strategic Asset Allocation. These changes did not affect the allocation at the liquid growth, alternatives, and liquid defensive levels.

Within the liquid growth category, we reduced the allocation to emerging markets equities and increased the allocation to global decarbonisation enablers.

In the Alternatives category, we made adjustments by reducing the allocation to infrastructure and alternative debt. At the same time, we increased the allocation to private markets and alternatives. These changes were made to ensure the portfolio maintains liquidity in the face of negative cash flow while also aligning with our investment strategy and goals.

Trustee Selection Strategy

Trustee Selection is a defined benefit scheme with a different investment time horizon to DC options. No changes were made to the Strategic Allocation for the Trustee Selection strategy this year.

INVESTMENT STRATEGIES FROM 1 JULY 2023

STRATEGIC ASSET ALLOCATIONS FOR DEFINED BENEFIT STRATEGIES

Trustee Selection Strategy

Effective from 1 July 2023, the strategic asset allocation for the Trustee Selection Strategy is as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	55.0	32.0 – 67.0
Australian equities	11.0	
International equities	44.0	
Alternatives	37.0	15.0 – 49.0
Infrastructure	12.0	
Property	7.0	
Other alternatives	18.0	
Liquid defensive	8.0	1.0 – 33.0
Australian fixed interest	0.0	
International fixed interest	0.0	
Other defensive strategies	4.0	
Cash	4.0	
TOTAL	100.0	100.0

University Cash Strategy

Effective from 1 July 2023, the strategic asset allocation for the University Cash Strategy is as follows:

	Strategic asset allocation %
Liquid growth	0.0
Alternatives	0.0
Liquid defensive	100.0
Cash	100.0
TOTAL	100.0

Note: Dynamic asset allocation ranges are not used in the University Cash Strategy.

STRATEGIC ASSET ALLOCATIONS FOR MEMBER INVESTMENT CHOICE STRATEGIES

Growth Strategy

Effective from 1 July 2023, the strategic asset allocation for the Growth Strategy is as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	60.0	44.0 – 76.0
Australian equities	24.0	
International equities	36.0	
Alternatives	30.0	18.0 – 42.0
Infrastructure	5.0	
Property	2.0	
Alternatives - Other	23.0	
Liquid defensive	10.0	1.0 – 20.0
Fixed Interest	4.0	
Income	3.0	
Defensive strategies	0.25	
Cash	2.75	
TOTAL	100.0	100.0

Balanced Strategy

Effective from 1 July 2023, the strategic asset allocation for the Balanced Strategy is as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	48.0	32.0 – 64.0
Australian equities	17.5	
International equities	30.5	
Alternatives	22.0	10.0 – 34.0
Infrastructure	5.0	
Property	2.0	
Alternatives - Other	15.0	
Liquid defensive	30.0	20.0 – 40.0
Fixed Interest	7.0	
Income	8.0	
Defensive strategies	0.25	
Cash	14.75	
TOTAL	100.0	100.0

INVESTMENT STRATEGIES FROM 1 JULY 2023

STRATEGIC ASSET ALLOCATIONS FOR MEMBER INVESTMENT CHOICE STRATEGIES

Conservative Strategy

Effective from 1 July 2023, the strategic asset allocation for the Conservative Strategy is as follows:

	Strategic asset allocation %	Dynamic asset allocation range %
Liquid growth	30.0	14.0 – 46.0
Australian equities	10.5	
International equities	19.5	
Alternatives	18.0	6.0 – 30.0
Infrastructure	5.0	
Property	2.0	
Other alternatives	11.0	
Liquid defensive	52.0	42.0 – 62.0
Fixed interest	11.0	
Income	17.0	
Defensive strategies	0.25	
Cash	23.75	
TOTAL	100.0	100.0

Cash Strategy

Effective from 1 July 2023, the strategic asset allocation for the Cash Strategy is as follows:

	Strategic asset allocation %
Liquid growth	0.0
Australian equities	0.0
International equities	0.0
Alternatives	0.0
Liquid defensive	100.0
Cash	100.0
TOTAL	100.0

Note: Dynamic asset allocation ranges are not used in the Cash Strategy.

INVESTMENT MANAGERS



As required by the *Superannuation Administration Act 1996*, all of the Pooled Fund's assets are managed by external fund managers appointed by State Super.

Investment managers at 30 June 2023	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Australian Equities			
Alphinity Investment Management Pty Ltd	✓	–	–
Ausbil Investment Management Limited	✓	–	–
BlackRock Asset Management Australia Limited	✓	–	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
Macquarie Group Limited	✓	✓	–
Martin Currie Investment Management Ltd	–	✓	–
Northcape Capital Pty Ltd	✓	–	–
Pendal Group Limited	✓	✓	–
Plato Investment Management Limited (previously Omega)	–	✓	–
Platypus Asset Management Pty Ltd	✓	–	–
Perennial Value Management Ltd	–	✓	–
State Street Bank & Trust Company	–	✓	–
UBS Securities Australia Limited	–	✓	–

INVESTMENT MANAGERS - CONTINUED

Investment managers at 30 June 2023	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
International Equities			
Ardevora Asset Management LLP	✓	–	–
Artisan Partners Limited Partnership	✓	–	–
AQR Capital Management LLC	–	✓	–
BlackRock Asset Management Australia Limited	✓	–	–
BNP Paribas Management UK Ltd	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
C Worldwide Asset Management Fondsmaeglerselskrab A/S	–	✓	–
Harris Associates Limited Partnership	✓	–	–
MFS International Australia Pty Ltd	✓	–	–
Ninety One UK Limited	✓	✓	–
Northcape Capital Pty Ltd	✓	–	–
Northern Trust Company of Hong Kong Limited	✓	–	–
Perennial Value Management Ltd	✓	✓	–
Robeco Hong Kong Limited	✓	–	–
Schroder Investment Management Australia Limited	✓	–	–
State Street Bank & Trust Company	–	✓	–
State Street Global Advisors Australia Limited	–	✓	–
Property			
AEW Capital Management, LP (via Equity Trustees Ltd)	–	✓	–
Brookfield Premier Real Estate Partners L.P	✓	–	–
Charter Hall Investment Management Limited	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	✓	–
EG Funds Management Pty Ltd	✓	–	–
Franklin Templeton Investments Australia Limited	✓	–	–
Invesco Real Estate (via Equity Trustees Ltd)	–	✓	–
Investa Property Group	–	✓	–

Investment managers at 30 June 2023	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
ISPT Pty Ltd	–	✓	–
LaSalle Investment Management (via Equity Trustees Ltd)	–	✓	–
LendLease Investment Management (AFSL) Pty Limited	✓	–	–
New South Wales Treasury Corporation	✓	–	–
Australian fixed interest & cash			
Ardea Investment Management Pty Ltd	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	–	–
Macquarie Group Limited	✓	–	–
Pendal Group Limited	✓	–	–
State Street Global Advisors Australia Limited	✓	✓	✓
Alternative assets			
Bentham Asset Management Pty Limited	–	✓	–
Challenger Investment Partners Limited	–	✓	–
Citigroup Global Markets Australia Pty Ltd	–	✓	–
Fulcrum Asset Management LLP	–	✓	–
HarbourVest Partners, LLC	–	✓	–
Kohlberg Kravis Roberts & Co. L.P.	–	✓	–
MAN Group plc	–	✓	–
Neuberger Berman Australia Ltd	–	✓	–
New South Wales Treasury Corporation	✓	–	–
Pendal Group Limited	–	✓	–
Perennial Value Management Limited	–	✓	–
Resolution Life Group Holdings LP	✓	–	–
PineBridge Investments LLC	–	✓	–
Siguler Guff Distressed Opportunities Fund IV (F) LP	✓	–	–
York Distressed Asset Holdings IV, LLC	–	✓	–

INVESTMENT MANAGERS - CONTINUED

Investment managers at 30 June 2023	Trustee Selection Strategy	Member Investment Choice Strategies	University Strategies
Currency and Overlay			
Challenger Management Solutions Pty Ltd	–	✓	–
Citigroup Global Markets Australia Pty Ltd	✓	–	–
Macquarie Investment Management Global Limited	✓	–	–
Mesirow Financial Investment Management, Inc.	–	✓	–
New South Wales Treasury Corporation	✓	–	–
Perennial Value Management Limited	✓	–	–
PIMCO Australia Pty Ltd	✓	–	–
State Street Global Advisors Australia Limited	–	✓	–
High Yield/Bank			
Intermediate Capital Group Limited	✓	–	–
KKR Australia Investment Management Pty Limited	✓	–	–
Lazard Asset Management Pacific Co	✓	–	–
New South Wales Treasury Corporation	✓	–	–
Ninety One UK Limited	✓	–	–
PineBridge Investments LLC	✓	–	–
Infrastructure			
Citigroup Global Markets Australia Pty Ltd	–	✓	–
Whitehelm Capital Pty Ltd	✓	–	–
H.R.L. Morrison & Co Limited	–	✓	–
Macquarie Specialised Asset Management Limited	✓	–	–
New South Wales Treasury Corporation	✓	–	–
QIC Limited	–	✓	–

ABRIDGED FINANCIAL STATEMENTS

Financial reports at 30 June 2023

The following tables provide abridged financial information about all of the State Super schemes for the last two financial years. The full financial statements for the year to 30 June 2023 have been audited by the Auditor General and will be available on the website after State Super's Annual Report has been tabled in the NSW Parliament.

Statement of Financial Position As at 30 June 2023	2023 (\$ million)	2022 (\$ million)
Assets		
Cash	102	54
Receivables	134	730
Short term securities	2,802	2,216
Australian fixed interest	670	643
Australian equities	4,432	6,148
International equities	14,692	12,209
Property - indirect	3,311	1,789
Investment properties - direct	207	1,804
Infrastructure and other alternatives	12,289	12,901
Derivatives	48	104
Employer sponsor receivable	3,728	3,347
Income tax receivable	-	137
Deferred tax asset	3	6
Total assets	42,418	42,088
Liabilities		
Payables	93	144
Derivatives	319	235
Income tax payable	155	-
Total liabilities excluding member liabilities	567	379
Net assets available for member benefits	41,851	41,709
Member liabilities		
Defined benefit member liabilities	(60,593)	(59,000)
Total member liabilities	(60,593)	(59,000)
Total net liabilities	(18,742)	(17,291)
Equity		
Defined benefit deficit	(18,742)	(17,291)
Total equity	(18,742)	(17,291)

FEES AND CHARGES



DIRECT FEES

	SASS	SSS and PSS
Management charge	<p>Contributing members pay an annual administration fee of \$45 p.a.</p> <p>Deferred benefit members pay an annual administration fee of \$45 p.a., plus an additional annual administration fee of \$20 p.a. if they have a deferred SANCS benefit.</p> <p>These fees are deducted in equal monthly instalments from the member's personal account.</p>	<p>Generally, the direct fees and costs associated with SSS and PSS are met by the employer.</p> <p>Deferred benefit members with a deferred SANCS benefit pay an annual administration fee of \$20 p.a.</p>
Investment switch fees	<p>A member can switch between investment strategies once each year ending 30 June without incurring a fee. A switch fee of \$25 is applied for each additional switch in the year and is deducted from the member's personal account at the time of the switch.</p> <p>For further details, please refer to SASS Fact Sheet 15: <i>Choosing an investment strategy</i>.</p>	Not applicable
Additional benefit cover	Where a member has additional benefit cover, the amount deducted each month from the personal account will vary based on the member's age, amount of cover and type of employment.	Not applicable
Family law fees	<p>An additional service fee applies if information is requested for the purposes of a Family Law split. If a member or a member's spouse or de facto partner has requested information during the year, a fee of \$275 for contributing members and \$110 for deferred and pension members must be paid by the requesting party directly to the Fund. The amount is not deducted from the member's account.</p> <p>A benefit split fee of \$1,347.50 is payable when a member's benefit is split and is generally divided equally between the member and their spouse or de facto partner. However, if the spouse or de facto partner is entitled to all of the member's benefit, the fee is payable by the spouse. The benefit split fee can be deducted from the final amount or paid directly to the Fund.</p>	

INDIRECT FEES

Investment management costs

Investment management expenses are deducted from investment gains or losses before determining the declared rate. They are borne indirectly by members via a reduced rate of investment return but are not charged directly as a fee.

For **contributory members**, investment gains or losses affect the balance of the personal account (and the balance of reserve unit accounts for SSS members), the Commonwealth Government Contribution account and the Additional Employer Contribution account. Any amounts deducted from your investment include reductions in the return on your investment but are not charged directly to you as a fee.

For **deferred benefit members**, investment gains or losses affect the amount of the immediate lump sum, deferred lump sum, SANCS basic benefit, the Commonwealth Government contribution account and the Additional Employer Contribution account. Any amounts deducted from your investment include reductions in the return on your investment but are not charged directly to you as a fee.

Indirect fees and costs for SSS and PSS members

These are not borne by members who receive a retirement benefit from the scheme, as retirement benefit calculations do not directly rely on the balance of the personal account or the reserve unit account (for SSS members).

Investment expenses

The investment management expense ratio for an investment strategy is the investment management expenses incurred by the strategy expressed as a percentage of the average net asset value of the strategy. The investment management expense ratios for the six State Super investment strategies are shown below.

Note, the expense ratios for 2023-24 are estimates and may change as the year unfolds due to market circumstances or changes in the structure of the asset sectors.

Investment indirect cost ratio of average total assets

Strategy	Actual 2022-23	Estimated 2023-24
Defined benefit investment strategies		
Trustee Selection	0.41%	0.37%
University Cash	0.05%	0.05%
Member Investment Choice investment strategies		
Growth	0.31%*	0.40%**
Balanced	0.28%	0.32%
Conservative	0.24%	0.29%
Cash	0.03%	0.04%
	*0.31% + nil performance fee paid	**estimated 0.35% + 0.05% performance fee



COMPLAINTS AND DISPUTES

COMPLAINTS

If you are dissatisfied with an administrative matter relating to something **other** than a **decision** about whether there is an entitlement, or who is entitled, to a benefit e.g. the calculation of the amount of a benefit, the slow processing of a claim or the provision of incorrect information, you may lodge a complaint with the scheme administrator, Mercer Administration Services (MAS).

If you are still not satisfied with the resolution of the matter by MAS, you may complain directly to the schemes' trustee, SAS Trustee Corporation (State Super). A complaint about a matter to do with the schemes but that does not concern the administration of the schemes can be made directly to State Super.

DISPUTES

If you are aggrieved with a **decision** about whether there is an entitlement, or who is entitled, to a benefit e.g. a decision by MAS as delegate for State Super to refuse a claim for a disability benefit (**except** where the decision concerns a member or former member of the Police Force being 'hurt on duty'), you may dispute that decision directly with State Super.

A notice of dispute must be served on State Super within two years after you have been notified in writing of the decision and of the right to dispute it. You may then be asked to clarify certain details relating to your dispute and to provide additional supporting evidence. Your dispute will then be referred to State Super's Member Services Committee for consideration and determination, and you will be notified in writing of the outcome of the determination.



APPEALS

Appeal right after determination of a dispute

If you are aggrieved with the determination of a dispute by State Super, you may appeal to the Supreme Court of NSW within six months of being notified of State Super's determination or within such further period as the Court allows.

Application to District Court from 'hurt on duty' decision

If you are a member or former member of PSS and are aggrieved by a decision made by State Super or one of its delegates, the CEO of State Super or the Police Superannuation Advisory Committee (PSAC), about a matter that arises by reason of you being 'hurt on duty', you have a right to apply to the District Court of NSW for a determination in relation to the decision.

Again, if you are a member or former member of PSS, you also have a right to apply to the District Court if you are aggrieved by a decision made by the Commissioner of Police as to whether you were 'hurt on duty' in relation to a particular certified infirmity. There is also a right to apply to the District Court if a person is aggrieved by a decision of the Commissioner about whether the death of a member or former member of PSS was caused by the deceased being 'hurt on duty'.

Section 21 of the *Police Regulation (Superannuation) Act 1906* (NSW) provides that if you are aggrieved by an applicable 'hurt on duty' decision you may, **within 6 months** after being notified of the decision, apply to the District Court for a determination in relation to the decision.

Contacts

To lodge a complaint with Mercer Administration Services please contact Customer Service on:

SASS – 1300 130 095

SSS – 1300 130 096

PSS – 1300 130 097

**Deferred benefit members –
1300 130 094**

**Pension members –
1300 652 113**

To lodge a dispute please contact State Super by writing to:

**Disputes Officer
SAS Trustee Corporation
PO Box N259
Grosvenor Place NSW 1220**

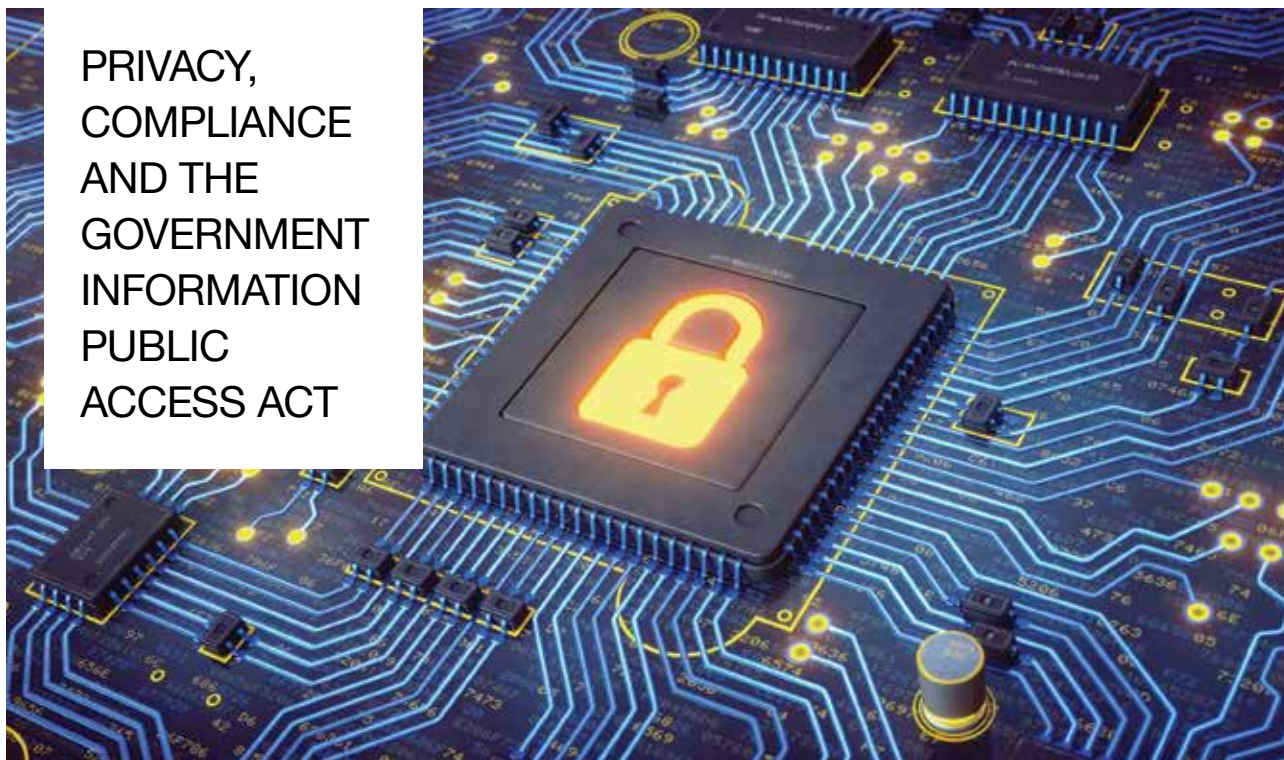
To lodge an appeal against a State Super decision (following the dispute process) please contact the Registry of the Supreme Court of NSW by telephoning 1300 679 272 or by writing to:

**Registry of the Supreme Court of NSW
GPO Box 3
Sydney NSW 2001**

To lodge an application with the District Court of NSW for a determination of a 'hurt on duty' decision, please contact the District Court Civil Registry (Residual Jurisdiction) by telephoning (02) 9377 5461 or by writing to:

**District Court Civil Registry (Residual
Jurisdiction)
PO Box K1026
Haymarket NSW 1240**

PRIVACY, COMPLIANCE AND THE GOVERNMENT INFORMATION PUBLIC ACCESS ACT



Privacy

As a NSW Government entity, State Super complies with relevant NSW legislation, including the *Privacy and Personal Information Protection Act 1998* (NSW Privacy Act) and the *Health Records and Information Privacy Act 2002* (HRIP Act).

State Super has developed a Privacy Management Plan (Plan) and implements the Plan with the assistance of Mercer Administration Services (MAS).

State Super also has a Privacy Statement, that:

- details how State Super complies with the requirements of the NSW Privacy Act and the HRIP Act;
- explains how State Super deals with members' personal and health information that may be collected and used in the course of administering its schemes; and
- summarises the circumstances where State Super may provide a member's personal and health information to third parties.

State Super endeavours to ensure its records of members' personal details are accurate. Members may contact MAS to change their personal or health details.

State Super takes steps to ensure there is no unauthorised use or disclosure of members' information. The Privacy Statement is available on request and from the State Super website at

www.statesuper.nsw.gov.au.

Compliance

The State Super schemes are public sector superannuation schemes that are exempt from the *Superannuation Industry (Supervision) Act 1993* (Cth) (the SIS Act). The SIS Act provides that exempt public sector superannuation schemes are treated as complying funds for concessional taxation and Superannuation Guarantee purposes.

Under a Heads of Government Agreement, the NSW Government undertakes to ensure that the State Super schemes, on a best endeavours basis, conform with the principles of the Commonwealth Government's retirement incomes policy. The Commonwealth Government's retirement incomes policy covers trustee governance, risk management, preservation, vesting, reporting to members and adequate protection of members' benefits.

The *Superannuation Administration Act 1996* (NSW) requires State Super, in exercising its functions, to have regard to the Heads of Government Agreement. The *Superannuation Administration Act 1996* and other NSW legislation enables the NSW Government to prudentially monitor and audit the State Super schemes and the State Super Board.



Government Information Public Access Act (2009)

Under the *Government Information (Public Access) Act 2009* (NSW) (the GIPA Act), State Super must review, at least annually, its program for the release of government information it holds that should in the public interest be made publicly available. The result of the latest review was that State Super believes that it has made publicly available all the government information about itself that it holds that should, in the public interest, be available and that can be made available without imposing unreasonable costs on itself. The information about State Super that is publicly available is accessible on its website **www.statesuper.nsw.gov.au**, in particular under “About Us” and then “Access to Information”.

State Super documents that can be obtained free of charge from the website include:

- policy documents;
- State Super’s Agency Information Guide, which describes the structure and functions of STC, the types of government information it holds, how that government information is made publicly available, and whether or not there is a cost to access that information;
- a register of State Super’s contracts with private sector organisations that are worth more than \$150,000; and
- documents that have been tabled in Parliament by or on behalf of State Super.

State Super will also publish on its website whether it has decided that any of its open access information should not be disclosed due to an overriding public interest against disclosure.

Please contact Customer Service to confirm whether any other avenue for obtaining information about State Super exists before deciding to formally apply for access to the information under the GIPA Act.

For further information, please refer to STC Fact Sheet 9: *Government Information (Public Access) Act & Privacy*, which is available on the State Super website at **www.statesuper.nsw.gov.au**.



CUSTOMER SERVICE

SASS 1300 130 095

SSS 1300 130 096

PSS 1300 130 097

**Deferred members
1300 130 094**

**Pension members
1300 652 113**

You can contact customer service from 8.30am to 5.30pm, Monday to Friday AEST for the cost of a local call unless calling from a mobile, pay phone or from overseas. If calling from overseas please call +61 2 4209 5438.

Fax service 02 4298 6688

Email
enquiries@stc.nsw.gov.au

Mailing addresses

Customer service and Mercer Administration Services:
GPO Box 2181
Melbourne VIC 3001

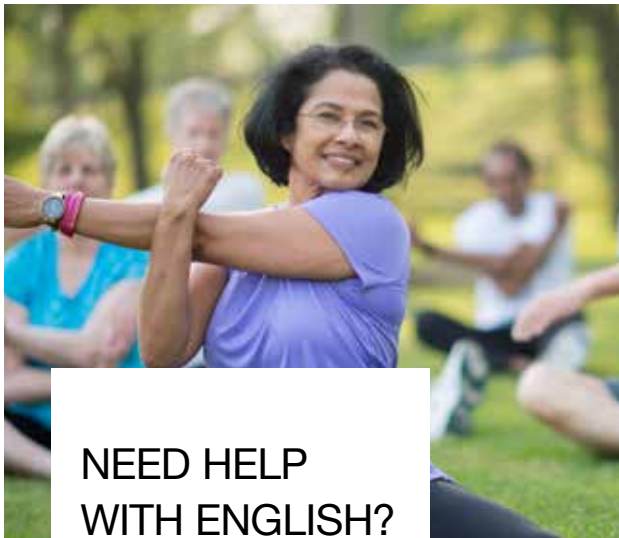
SAS Trustee Corporation (the Trustee Board)
PO Box N259
Grosvenor Place NSW 1220

Website
www.statesuper.nsw.gov.au

Personal interview service

Personal interviews are available by appointment only 9.00am to 5.00pm Monday to Friday via Zoom video call or at selected Aware Super locations (Parramatta, Newcastle and Wollongong).

To arrange an appointment call one of the Customer Service numbers above.



**NEED HELP
WITH ENGLISH?**

For members who need help with English, customer service can make arrangements for information to be translated through the Government Interpreter Service.

Arabic

بإمكان "الخدمة الإستشارية" (Advisory Service) أيضاً تأمين ترجمة خطية للمعلومات للأعضاء الذين يجدون صعوبة باللغة الإنكليزية.

Chinese

會員如果閱讀英語有困難，諮詢服務部可安排發放資料的譯本。

Greek

Για τα Μέλη που δυσκολεύονται στα αγγλικά, η Υπηρεσία Πελατών μπορεί να κανονίσει για τη μετάφραση των πληροφοριών.

Italian

Per i contribuenti che hanno difficoltà nel comprendere l'inglese il servizio clienti può provvedere alla traduzione dei dati informativi.

Vietnamese

Đối với các thành viên nào gặp trở ngại về Anh ngữ, Dịch vụ Tư Vấn (Advisory Service) có thể giúp thu xếp để họ nhận được bản dịch tin liệu.



**FINANCIAL
PLANNING ADVICE**

Aware Super provides our members and their families with access to comprehensive financial planning advice and investment management services.

Contact Aware Super on: **1800 620 305** or visit **www.retire.aware.com.au/statesuper**



Aware Financial Services Australia Limited (Aware Financial Services) (ABN 86 003 742 756) holds an Australian Financial Services Licence (AFSL number 238430) and is able to provide you with financial product advice. Aware Financial Services is owned by Aware Super Pty Ltd as trustee of Aware Super. State Super does not pay fees to, nor receives any commissions from Aware Financial Services for financial planning and member seminar services provided to State Super members. Neither State Super nor the New South Wales Government take any responsibility for the services offered by Aware Financial Services and its related entities, nor do they guarantee the performance of any service or product provided by Aware Financial Services and its related entities.

GET IN TOUCH



1300 130 095



State Super
GPO Box 2181
Melbourne VIC 3001



statesuper.nsw.gov.au



enquiries@stc.nsw.gov.au



STATE SUPER
SAS Trustee Corporation