

SuperUpdate | SUMMER20



NESS Super, the industry fund
to power your financial future

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Message from the CEO

Dear Members,

NESS Superannuation has had an incredibly productive 2019 with a range of enhancements completed with the express purpose of improving members outcomes.

We released our new insurance program with a vastly improved income protection offering as well as enhancements to the Death and TPD cover. Our new insurance arrangements now meet the Governments desired standards in terms of affordability and sustainability.

The fund has also had an impressive investment return for the 2019 Calendar Year (CY). Our MySuper product, which the majority of our members are invested in,

returned a net 15.49% for CY 2019. This excellent return when paired with the fund's low cost fee structure mean that members are receiving excellent value for money when compared with industry averages.

During the 2019 year the fund also farewelled a long-standing Director in the form of Tony Glossop who was replaced by Chris Madson from Stowe Australia. Also joining the Board during 2019 was a new independent Director in the form of Paul Lahiff and a new member representative Director in Brad McDougall. One of our Alternate Directors, Mark Buttigieg, was elected into the NSW Legislative Council, and has been replaced by Ben Lister.

These changes show the Board commitment to ensuring the highest levels of Governance for the membership and the stewardship of members' funds.

NESS Superannuation during the 2019 CY also:

- introduced a new inhouse contact centre model so that we can provide you with personal service,
- moved all of the Fund's data management requirements into a secured-cloud based arrangement,
- moved the Trustee office, now located in Chullora nearer to industry participants and
- entered into new administration agreements to make membership administration functions more streamlined.

Everything that NESS has accomplished during the 2019 CY is designed to improve the members' experience with NESS, enhance members' financial security, improve member investment returns or make dealing with NESS Superannuation easier to accomplish.

I would also like to thank our members and their employers for there support which we do not take for granted. As a profit to member industry superannuation fund, NESS Super is proud to service the electrotechnology and related industries.

Regards



Paul Cahill – CEO NESS Super

**NESS MySuper's
investment performance**

15.49%

**for the 12 months to
31 December 2019**

Investment Commentary

Investment Commentary – six months to 31 December 2019

Overview

Global markets finished 2019 strongly with share markets continuing to rise on the back of a series of interest cuts by central banks around the world. These cuts have been in anticipation of a weakening global manufacturing outlook, political tension between the US and China and uncertainty around Brexit. These concerns have since eased as we have seen US and China strike a trade deal, and certainty around Brexit.

The risk of a recession in the short term have reduced but lingers due to the current economic expansion going on longer than expected. There is the possibility that the current expansion will continue beyond original expectation due to further potential interest rate cuts and continued progress in resolving the trade tensions between the US and China.

Global Shares

Global share markets made strong gains over the past 6 months, returning approximately 9.0% to investors. Most of the gains have been attributed to the central banks cutting rates, and better than expected outcomes in respect of the US-China trade negotiations.

The economic impact of the Coronavirus is uncertain, however the RBA have suggested that the 2013 SARS outbreak maybe a guide which saw a sharp slowing in output growth for a few months before a sharp bounce back.

Australian Shares

The Australian share market also made gains over the last 6 months, with the S&P/ASX 300 Accumulation Index returning 3.3%.

In a similar manner as Global Shares, these gains were driven largely by good progress in US-China trade negotiations as well as interest rates cuts by the Reserve Bank of Australia (RBA) to an all-time low of 0.75%. The gains were weaker than Global Shares due to a poorer performance across the banking sector and disappointing growth data for the local economy. However, there are reasons for optimism as the RBA has noted positive outcomes from low interest rates, recent tax cuts and signs of the housing market stabilising.

Property

Australian real estate investment trusts (A-REITs) were relatively neutral over the last 6 months, returning a modest 0.4%. Australian real estate stocks initially rose following rate cuts from the RBA but as riskier assets like shares improved, investors appeared to return to investing in shares causing A-REITs fell, negating most of the period's gains.

Bonds and Cash

Global bonds made modest gains over the last 6 months, returning 1.6%. Global bonds benefitted from interest rate cuts by central banks globally amid concerns of slowing global growth. Australian bonds underperformed their global counterparts, returning 0.7% over the period. Interest rate cuts by the RBA led to some strong Australian bond performance early in the period but, in a similar experience to Property, investors began to favour riskier assets as concerns over slowing global growth eased.

Cash returned 1.1% and the Reserve Bank of Australia (RBA) ended the year leaving the official cash rate at a record low 0.75%.

Investment commentary provided by Russell Investments.

Our NEW Insurance Arrangements

At NESS Super our aim is to provide members with insurance that is both affordable and provides the level of cover that you need. We understand how important superannuation is as a means to provide for your financial future and retirement. On the 30th November 2019, our new insurance arrangements took effect. Eligible members now have Death and Total & Permanent Disablement (TPD) insurance through Hannover Life Re of Australasia Ltd and Income Protection (IP) arrangements through Chubb Insurance Australia Limited.

Death & TPD insurance provides peace of mind to members that a lump sum payment is made to your family in the event of your death or upon being diagnosed with a terminal illness. Income Protection insurance is designed to pay you a portion of your ongoing salary for a set period of time, if you are unable to work due to illness or injury, until you can return to work, or for the agreed period – whichever is sooner.

Death and TPD premiums are now determined by the member's age. The benefits of changing the insurance arrangements to an age-based approach will now mean that in terms of Death and TPD cover increases when you are most likely to need it most and reduces when you don't. Members also have the option to change their Death and TPD cover. For eligible members who are requesting an increase in cover for Death and TPD, a 'Personal Statement' will need to be submitted.

Default Income Protection has significantly improved with up to 85% of pre-disability income (up to 75% of your pre-disability income payable and up to 10% payable as a superannuation guarantee). We've also reduced the waiting period from 90 days to 30 days. Eligible members can increase their benefit period to 5 years (260 weeks) from 2 years (104 weeks). Or increase the waiting period to 60 or 90 days.

NESS Super also offers Income protection for Self-Employed members as we recognise the need to protect income in the event that a member suffers an illness or injury. Under this new arrangement Self-Employed Members can nominate an annual income to protect in the event of injury or illness. The minimum of \$50,000 sum insured applies and premiums are paid from your super in monthly instalments.

We encourage you to read the NESS Super PDS, NESS Super - Employed Division Insurance Guide & the NESS Super - Personal Division Insurance Guide located on the NESS Super website at www.nesssuper.com.au for more details or alternatively call our friendly team on 1800 022 067 between 8.30am and 6.00pm Monday to Friday (Sydney time) if you have any questions.



Investment performance – a rewarding year for investors

The half-year results saw another successful period with all our fund options recording solid returns. The tables below show the returns (net of fees and taxes) achieved across the range of NESS products and investment options for the period to 31 December 2019.

Our 1, 3, 5, 7 and 10 year performance history. These returns are net of tax, fees and investment expenses.

Note: This return calculation is different to the crediting rate used to allocate earnings to your NESS Super account. Returns are allocated to your NESS Super account on an annual basis, or when you trigger an earnings event to be allocated through switching an investment option or exiting the Fund.

NESS Super Members Investment performance

Periods Ending 31 December 2019	FYTD %	1 Year % (p.a.)	3 Year % (p.a.)	5 Year % (p.a.)	7 Year % (p.a.)	10 Year % (p.a.)
NESS MySuper	4.37	15.49	7.89	7.30	8.67	7.42
NESS High Growth	5.43	19.27	9.64	8.87	10.98	8.68
NESS Stable	2.57	9.02	5.32	4.95	5.67	5.85
NESS Australian Shares	4.10	19.93	9.08	8.63	10.07	8.04
NESS Overseas Shares	7.87	22.65	11.19	9.72	13.75	10.17
NESS Property	2.14	17.54	9.97	9.53	10.00	10.14
NESS Cash	0.48	1.72	1.79	1.86	2.11	2.80

Account Based Pension (ABP) Members

Periods Ending 31 December 2019	FYTD %	1 Year % (p.a.)	3 Year % (p.a.)	5 Year % (p.a.)	7 Year % (p.a.)	10 Year % (p.a.)
NESS Aggressive	6.12	22.06	9.68	9.12	11.68	9.28
NESS Assertive	5.29	18.83	8.42	7.80	10.18	-
NESS Moderate	4.57	16.14	7.45	7.00	9.17	7.93
NESS Cautious	3.59	13.39	6.32	5.84	7.43	-
NESS Conservative	2.52	9.87	4.93	4.68	5.72	6.14
NESS Cash	0.71	2.13	2.11	2.16	2.43	3.23

NESS Super offers members a range of seven investment options and six pension options that can be mixed in any combination to suit your personal investment and retirement needs.

If you want to change your investment option(s), you can switch via **MemberAccess** or if you are a pension member via **Pension MemberAccess** or by completing a 'Change My Investment Choice' Form from our website www.nesssuper.com.au or request one from NESS Super by contacting us on **1800 022 067**.

If you need help choosing the right investment option for your personal situation or with managing your Super up to and through retirement, simply call NESS Super on **1800 022 067** and ask to speak to a financial adviser at Link Advice[^].

Past performance is not a reliable indicator of future performance.

[^] Advice is provided by Link Advice Pty Limited, ABN 36 105 811 836, ASFL No. 258 145.



Putting Members Interest First (PMIF)

The Australian Government recently passed new legislation 'Putting Members Interest First' (PMIF) which takes effect on the 1st April 2020. The PMIF legislation was introduced to help members with low superannuation account balances. All members with an account balance under \$6,000 by the 1st April 2020, will lose their insurance cover unless you communicate in writing that you wish to retain your insurance cover.

All new members will not automatically receive insurance from that date until their balance reaches \$6,000, and for those under 25 years, will not receive automatic insurance until they reach 25 years (regardless of their balance).

As part of joining NESS Super we will provide members the opportunity to opt-in to receive our improved insurance arrangements.



At NESS Super we operate on the principle, 'we're large enough to matter, small enough to care' and we reached out to members of NESS Super with an account balance under \$6,000 to advise that unless your balance reaches \$6,000 prior to 31 March 2020, or you elect to retain your cover, your insurance cover will be cancelled. A 'Election to Maintain Cover with NESS Super' form was enclosed in a letter sent out to members back in January 2020. The form was to be completed, signed and returned to NESS Super prior to 1st April 2020. Alternatively, members can go online at www.nesssuper.com.au, and login into their NESS Super Account via MemberAccess and select the 'Personal Details' tab. Under the 'Insurance' section make your election by ticking the box to retain your insurance.

If you do nothing your insurance cover will be automatically cancelled on 1 April 2020, if your balance remains below \$6,000 or you do not complete the Insurance Election Form. You can always change or cancel your insurance at any time in the future by completing a 'Change My Death & TPD Insurance Details Form' or the 'Change My Income Protection Insurance Details Form', available at www.nesssuper.com.au or by calling us on 1800 022 067.

Through our financial planning partner, Link Advice[^], you can access general and simple advice over the phone about selling the family home and your retirement planning options.

There is no additional cost for our phone based advice, this service is included in your NESS membership.

[^] Advice is provided by Link Advice Pty Limited, ABN 36 105 811 836, ASFL No. 258 145.

LINKAdvice

1300 734 007

fp@linkadvice.com.au

linkadvice.com.au

At NESS Super, we're here to help you. Contact a member of the NESS Service Team today.

NESS Super is the super fund for the electrical, communications, technology and cabling industries.

NESS Super have been lighting the way forward for employees, employers and self-employed contractors in the electrical and communications industries since 1987. This means that no other fund, or team, understands the work you do better. We operate on the principle, 'we're large enough to matter, small enough to care' and we are one of the few niche industry specific funds.

This principle keeps our fees competitive, insurance premiums lower and helps us deliver consistent long-term returns for people like you. So, if you like the idea of a super fund with personalised service dedicated to helping you make the most of your financial future, consider making the switch to NESS Super today.

To find out more about how NESS Super can help you and your business, please contact us between 8.30am and 6.00pm (Sydney time) Monday to Friday on 1800 022 067 or email us at nessadmin@nesssuper.com.au.

-  Freecall 1800 022 067
-  Post Locked Bag 20
Parramatta NSW 2124
-  Web www.nesssuper.com.au
-  Email nessadmin@nesssuper.com.au

Contact us for more information about any of the topics in this newsletter.

Disclaimer: The information contained in this newsletter is up-to-date at the time of its publication. However, some information can change over time. The contents are for general information only and do not constitute personal advice. We recommend that you consult with a suitable qualified person before making any financial decisions.