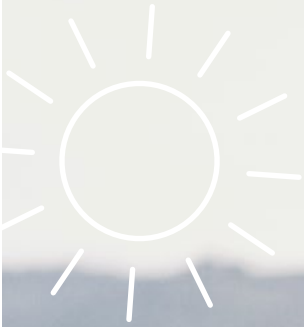


TelstraSuper Annual Outcomes Assessment for Members

March 2023



Outcomes for members

TelstraSuper aims to excel at supporting members to grow and protect their super and optimise their income streams.

We have recently thoroughly assessed how successfully we've delivered on these aims for the financial year to 30 June 2022.

The overall Fund performance was assessed, together with the performance of individual products and services and their suitability to our membership. This was both in respect of the product objectives and in reference to the broader industry performance.

The many elements which go into providing a comprehensive sustainable superannuation fund were all considered including:

- scale and sustainability
- investment performance with a key focus on consistently delivering to the performance objectives
- financial performance, with a focus on net returns to members inclusive of fees and costs
- default insurance provided
- retirement adequacy and readiness
- services, options and benefits to support members to achieve the best outcomes from their retirement savings.

This report highlights our findings and how TelstraSuper's Trustee determined the results.

When results are compared to those of other funds, this was done at a product level based on the similarity of products and offering and the membership they service. Comparisons in performance, particularly in relation to growth, was made with other funds which report to a 30 June year end.

TelstraSuper's members are highly satisfied with the Fund, with a ranking of 9 or 10 out of 10 by 54% of respondents and a ranking of 7 or 8 out of 10 by a further 35% of respondents to the 2022 Annual member survey.

01

Scale and sustainability

TelstraSuper is a profit-to-members fund and ranks as the 24th largest fund in Australia by funds under management.

For more than 32 years our sole objective has been to help our members achieve a financially secure future. Our strategy is to provide high quality products and services at a fair cost; a strategy we are achieving.

TelstraSuper's net assets under management decreased by 3.9% to \$23.32 billion in the year to 30 June, 2022. This is comparable to the 3.6% median fall in net assets across the industry and reflects the general downturn across global markets during the year.

Notwithstanding this slight fall in net assets, TelstraSuper remains in a good position with regard to scale and sustainability.

Additionally, TelstraSuper has commenced strategic activity to increase our funds under management by increasing acquisition and retention of members.

Member demographics

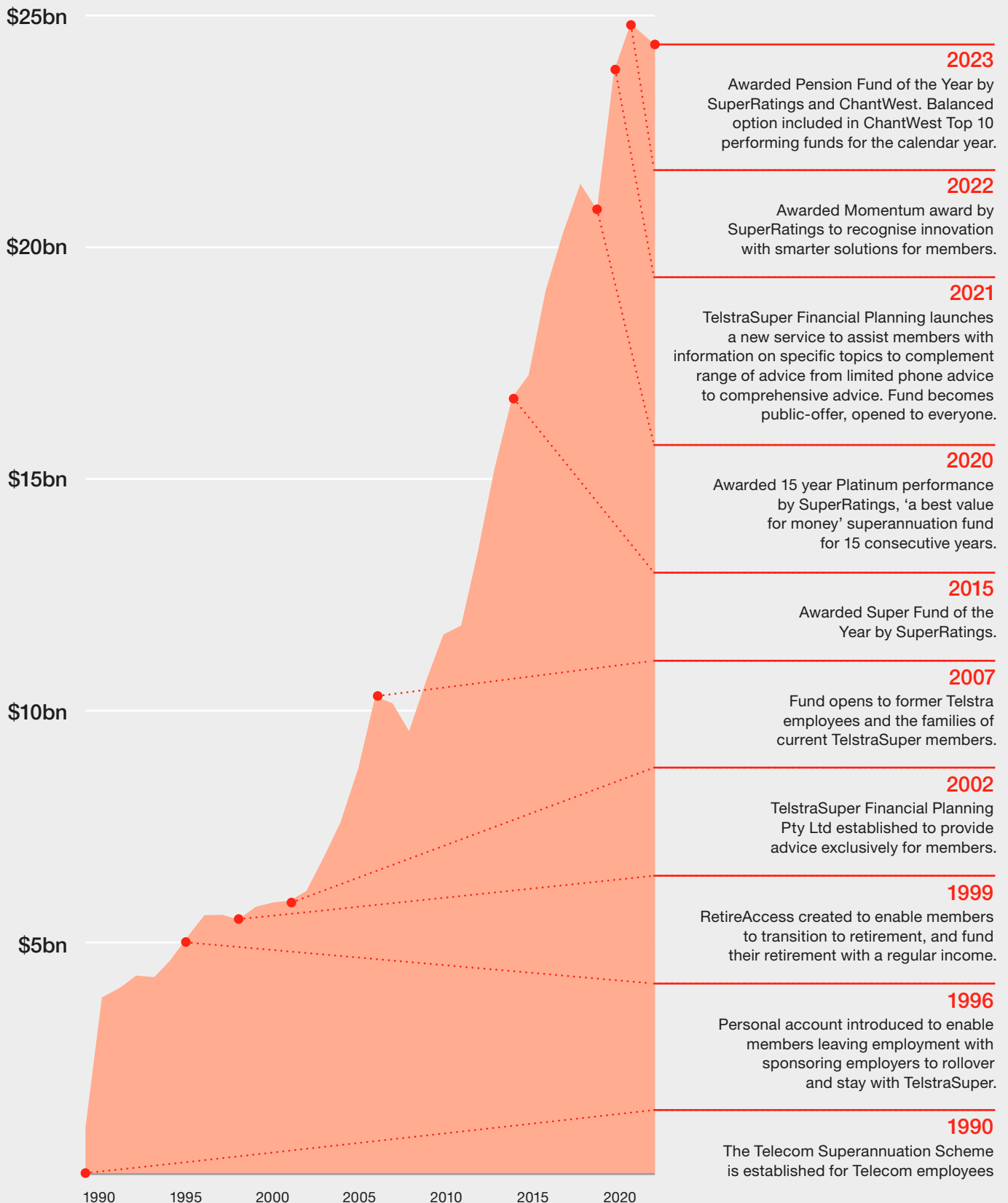
TelstraSuper's members are, on average, older than many other super funds. This demonstrates that many members have chosen to stay with the Fund as they have moved into retirement and have transferred their funds into TelstraSuper RetireAccess. TelstraSuper has also seen a shift in membership away from corporate members to personal members with more than three-quarters of members not having a direct current link to a Telstra Group employer. These members have chosen to stay with the Fund after they have left employment with the Telstra Group or have joined through another employer or as a personal member.

TelstraSuper's membership was stable over the financial year, neither increasing nor declining. This is an improvement on previous years when the Fund recorded slight falls in membership. The median growth rate for the industry during FY 21-22 was similarly zero.

Strategic activity to drive significant increases in membership growth over the coming three years and beyond is expected to shift this metric to a positive position.

TelstraSuper is in a good position to continue to provide benefits to members.

Funds Under Management growth



02

Fees, costs and net returns

TelstraSuper provides products, services and benefits that are highly regarded by members and highly rated by rating agencies.

As a profit-to-members fund, TelstraSuper does not set its fees to make a profit – the Fund simply aims to pass on the cost of running the fund to our members. The Trustee regularly reviews member fees with the view to reducing fees where projections indicate this is a reasonable course of action.

Overall, the investment performance and net returns for the year compared competitively to the industry for most products.

When the fees for TelstraSuper's MySuper Growth and Balanced options - where the majority of the Fund's members are invested – are compared to other similarly actively managed options, they compare favourably with the industry median.

The benefit of TelstraSuper's active investment approach is reflected in the Fund's competitive performance: Net returns to members (returns minus fees) were above the industry median for most products during the year.

Peer comparison

The Fund's administration fees were reduced in the first half of the financial year 2022-23 and are below the industry median for members with balances below \$1 million, and moderately above median for members with higher balances.

The Fund's investment fees are below median in some areas and on, or above median, in others. It is important to note that the investment fee analysis in this report compares the Fund's actively managed MySuper lifecycle products against a broad range of MySuper products across the industry, including those with a single investment option.

02 Fees, costs and net returns

MySuper product outcomes

MySuper accumulation products are offered for both employer sponsored members and personal members. These are the default products for members who do not make an active investment choice. Three age-based investment options are offered – Growth, Balanced and Conservative. These are designed so that members progress from a higher risk investment option – Growth (aimed at those Under 45), through to Balanced (45 to under 65) and on to a lower risk investment option – Conservative (65 and over) – as they age.

Performance of these options was compared to all other MySuper products based on member ages of 35, 45 and 66 years over one, three and five year time periods.

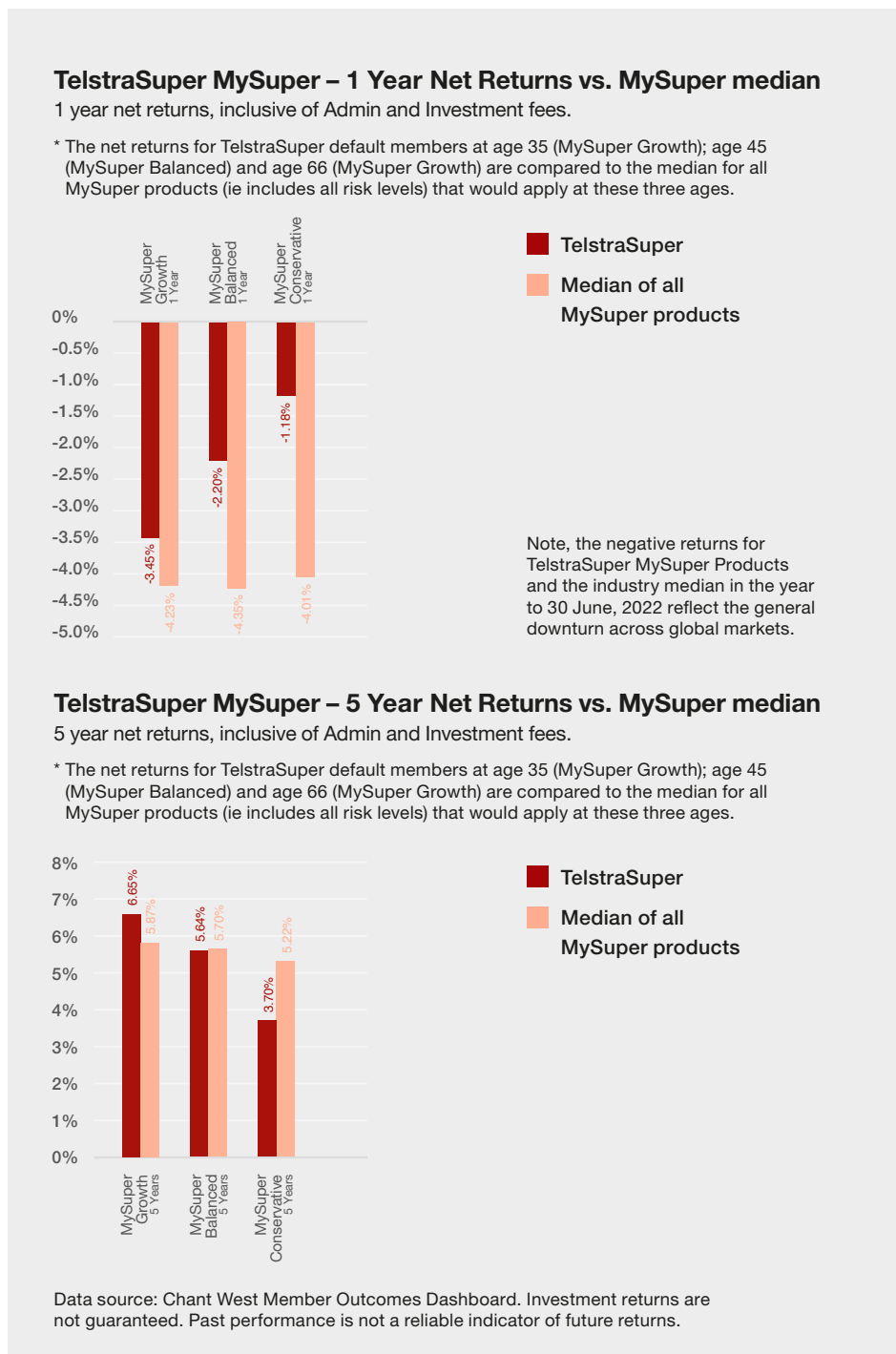
The net return for the Fund’s MySuper Growth option for one year was second quartile, and above top quartile for three and five years.

The net return of the MySuper Balanced option for one year was top quartile, second quartile for three years, and marginally below the median in the third quartile for five years.

The net returns for MySuper Conservative option for one year was top quartile, and below median in the third quartile for three years and fourth quartile for five years.

Each MySuper investment option was assessed using APRA’s Heatmap threshold methodology and all were judged as within the acceptable range.

When comparing each TelstraSuper MySuper Lifecycle option to other products with a similar risk profile, our performance compares favourably. This is best illustrated



in the graph on page 7, which compares the 10 year Annualised returns of TelstraSuper Growth, Balanced and Conservative Choice options against the median for all Choice products with a similar

risk profile. The investment mix of these three Choice options is the same as the investment mix for their corresponding MySuper lifecycle option.

02 Fees, costs and net returns

Choice product outcomes

TelstraSuper offers five diversified Choice investment options and five single sector options that members can choose in any combination. There is also a Direct Access product to allow members to invest directly into Shares, Cash or Fixed Interest options via a platform.

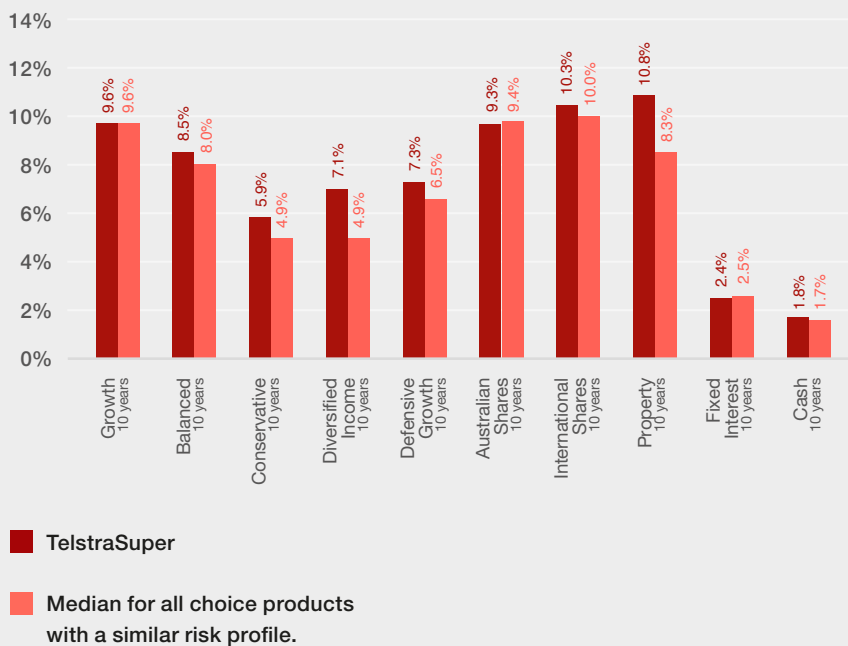
The Choice options are compared on a risk level basis with other investment products with a similar risk level.

Most of the Choice diversified options delivered net returns for the one, three, five, seven and 10 year periods to 30 June 2022 in the top or second quartile, when compared to similar funds, with the Conservative option and the Diversified Income option in the top quartile for all time periods. The Defensive Growth option achieved top quartile returns over all periods except the 3 year period, where it was second quartile.

In the review of Choice single sector options, the net returns over 10 years (for a \$50,000 balance) were slightly below the industry median for TelstraSuper Australian Shares option; top quartile for TelstraSuper Property; lowest quartile for TelstraSuper International Shares Option; third quartile for TelstraSuper's Fixed Interest Option; and second quartile for TelstraSuper's Cash option.

Choice product outcomes, 10 year Annualised returns

Compared on risk profile basis. Includes Investment Fees.



Data source: Chant West Member Outcomes Dashboard. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

02 Fees, costs and net returns

Retirement product outcomes

RetireAccess is designed for members approaching or in retirement. The product allows members to draw an income and offers a broad range of investment options for the conservative through to aggressive investor.

The RetireAccess product has delivered strong top quartile net returns over 10 years for the members of all five

diversified options – Lifestyle Growth, Balanced, Lifestyle Conservative, Lifestyle Moderate and Defensive Growth.

Among the five single sector RetireAccess options, Property also delivered top quartile net returns over 10 years.

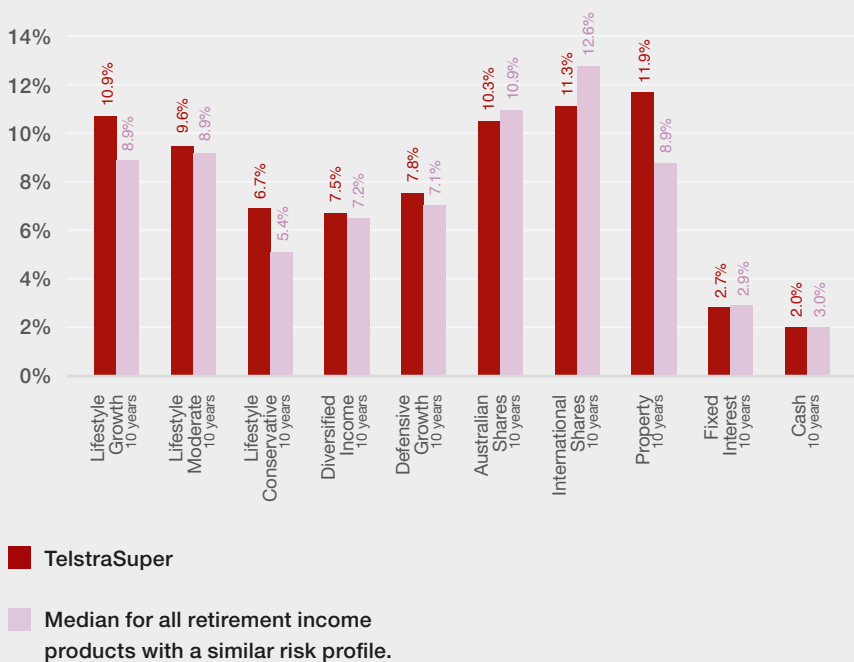
Net returns were below the median in the fourth quartile for RetireAccess Australian shares, for RetireAccess International Shares, and for RetireAccess Fixed Interest.

Net returns for RetireAccess Cash options were also below the median in the third quartile.

Overall, TelstraSuper has generally delivered pleasing investment outcomes relative to our peers and objectives (see page 9) over multiple time periods. The Trustee has determined that the investment strategy, including the level of investment risk and return targets across each option, is appropriate for members.

Retirement income product outcomes, 10 year Annualised returns

Compared on risk profile basis. Inclusive of investment fees.



Data source: Chant West Member Outcomes Dashboard. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.

03

Performance vs Objectives

TelstraSuper continues to deliver on its stated investment objectives across most products. Investment objectives vary with the level of risk associated with the assets that make up the option.

Seven Choice Accumulation Options performed above their stated investment objectives over their stated investment time horizons. Three Choice options - Diversified Growth, Diversified Income, and Fixed Interest -

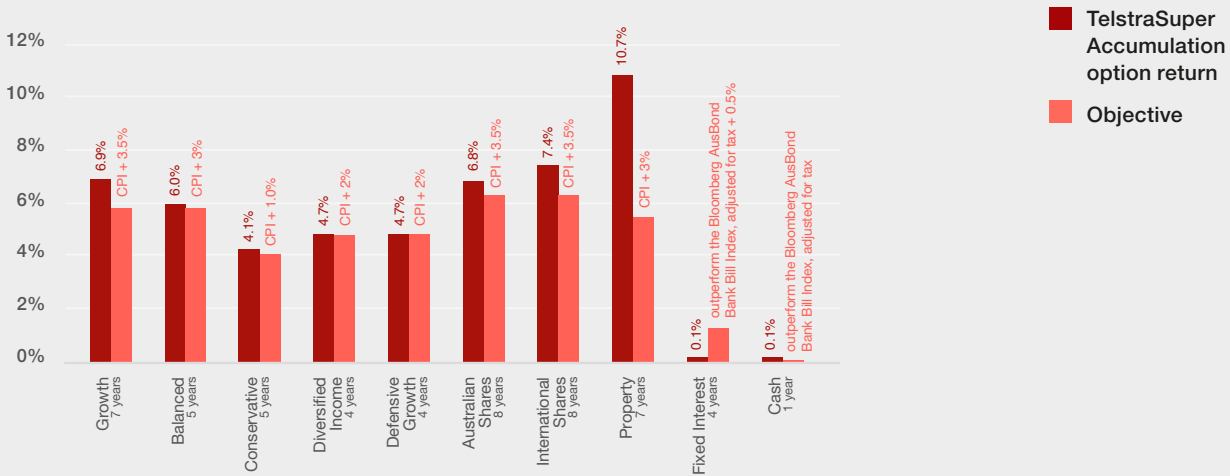
performed below their stated investment objectives. In the case of the Diversified Growth and Diversified Income options, the difference between performance and their objectives was marginal.

It should also be noted that investment objectives are specified relative to inflation, which has been unusually high over the past 18 months. As these investment options are measured over shorter 4-year time horizons, as opposed

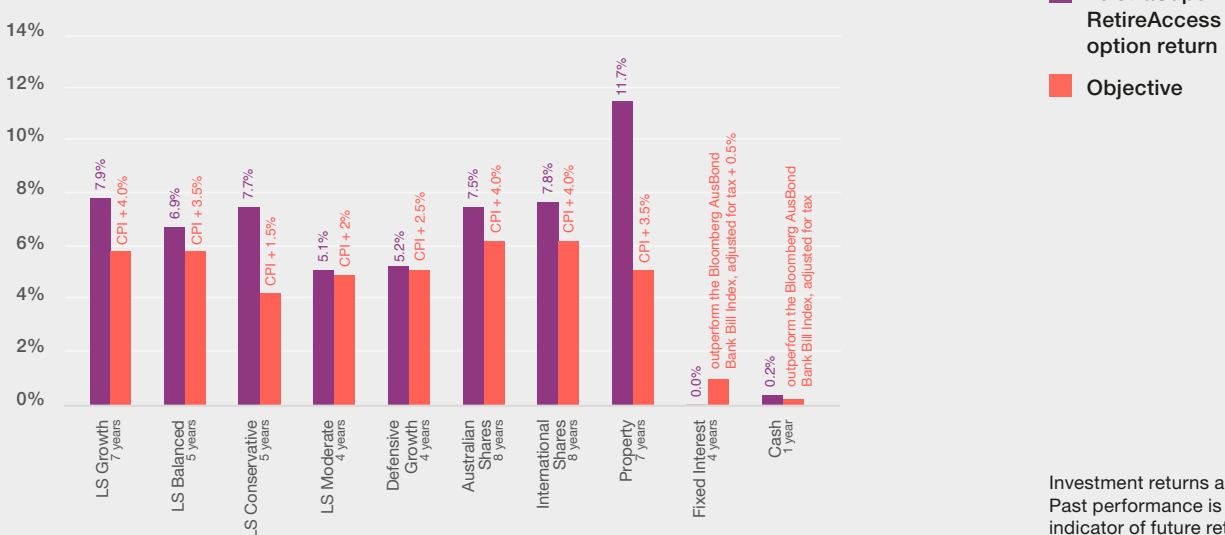
to the 5-8 year timeframes for the other options, the impact of inflation on their investment objectives was more profound. In simple terms, this meant the investment objectives of these three options were much higher than in previous periods and, therefore, were unusually difficult targets over those periods.

Nine out of ten RetireAccess options performed above their stated objectives, with Fixed Interest performing below.

Accumulation options – Performance vs. Objectives



Retirement income options – Performance vs. Objectives



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

04

Defined Benefit outcomes

TelstraSuper's Defined Benefit division, which has been closed to new members since 1999, uses a set formula that references the member's salary, period of membership, contribution rate and any additional multiples of contributions as applies to each division. The calculation of each member's defined benefit is independent of the Fund's investment performance.

The Vested Benefit Index of 106.27% on 30 June 2022 confirms that all defined benefits are fully funded. The average benefit for defined benefit members is well above the industry average with generous insurance arrangements in place based on a formula taking their benefit through to retirement age in the case of death or permanent disability. These benefits are externally insured, reducing the risk directly

to the Fund if an extraordinary level, except for claims arising in respect of the period prior to 2005, of claims was experienced.

The defined benefit arrangement is reviewed by the Fund's Actuary at least every three years with the employer contribution adjusted as required with the aim of ensuring that all benefits remain fully funded.

05

Insurance

TelstraSuper aims to provide members with a sustainable, high quality and competitively priced insurance product. The objective is to protect members against the risk of not being able to accumulate sufficient retirement savings, for themselves or their dependents, due to having to cease work due to injury, illness or death.

The Fund provides Death, Total & Permanent Disability (TPD) and Income Protection (IP) insurance cover to TelstraSuper Corporate Plus, TelstraSuper Personal Plus and TelstraSuper RetireAccess (Death only cover) members, and to Defined Benefit (DB) members where applicable.

The Trustee has determined that the insurance coverage compares favourably with other providers across most metrics, that the insurance strategy is appropriate for members and that the fees for default insurance do not inappropriately erode the retirement incomes of members.

Ratings agency Chant West has rated TelstraSuper's insurance as being the Highest Quality with a '5 Apples' rating.

A three-year premium rate from 1 July 2020 to 30 June 2023 was negotiated with the Fund's insurer MLC Life Insurance. Insurance premium rates are not expected to change during this timeframe, except in limited circumstances as outlined in the applicable policy.

The default insurance cover has been set over time taking into consideration the Fund demographics, the affordability of insurance cover to not erode member accounts, the legislative requirement for members to make an active choice to opt into default paid insurance cover, claims experience, market competitiveness and price.

The range of insurance cover and features provided by TelstraSuper compares well to other MySuper products across the industry.

The level of default insurance cover for TelstraSuper Corporate Plus members is above the industry comparison benchmark up to age 50, then marginally lower after age 50. The average default premium for this cover is 0.74% of salary, lower than the industry benchmark of 1% salary.

For TelstraSuper Personal Plus members the level of default insurance cover is considerably lower than the industry benchmark for all ages but, accordingly, the premiums are at, or better than median for each age range of both males and females. These members have the option to top-up their insurance and, therefore, this lower level of default cover is considered appropriate.

06

Retirement Readiness

To get a better understanding of how the Fund is performing in providing adequate retirement outcomes for members, TelstraSuper engaged with actuarial firm, WTW to measure retirement readiness and overall retirement adequacy of the membership cohort. This analysis employs a Retirement Adequacy Index (RAI) and a Retirement Readiness Index (RRI) that considers a range of factors including member balances, investment returns and industry benchmarks for retirement incomes.

The analysis shows that a large proportion of TelstraSuper members are on track to receive a more than adequate income in retirement, with two thirds (66%) of the Fund's membership expected to meet or exceed a target income based on the ASFA Comfortable Retirement Standard, which equates in today's dollars of a yearly income of \$68,014* for a couple.

If inactive members are excluded from the analysis, 82% of TelstraSuper members are expected to retire with a comfortable income, while the vast majority of members (93%) would meet or exceed a target income of ASFA Mid-point (the Mid-point between the ASFA Comfortable and ASFA modest retirement standard), which equates in today's dollars to a yearly income of \$56,024* for a couple.

RRI viewed by gender shows very little disparity for Defined Benefit and Corporate Plus memberships, however there is a larger difference between male and female in the Personal Plus membership.

Overall, the RRI shows retirement readiness has improved across the membership over the three years to 30 June, 2022.

*Based on budgets for various households and living standards for those aged 65-84 (September quarter 2022).

07

Options, benefits and facilities for members

TelstraSuper provides a broad range of high-quality services to support members in all aspects of their super and help them achieve the best retirement outcomes for their needs.

The services offered are appreciated by members, as demonstrated by the strong satisfaction and their willingness to promote the Fund. In May 2022 TelstraSuper was ranked third of 23 funds participating in an extensive Member Engagement study conducted by Investment Trends.

The Net Promoter Score (NPS) for TelstraSuper was +38, compared to an average of -9 across the survey.

This member satisfaction was also reinforced in the annual member satisfaction survey when 54% of members surveyed rated their likelihood to recommend TelstraSuper to family or friends at 9 or 10 out of 10. A further 35% of members rated their likelihood to recommend the Fund to family or friends at 7 or 8 out of 10.

We strive to make it easy for members to engage with the Fund, which they do at a high rate. TelstraSuper's members are more active than members of other funds, at 89.8%, which puts the active member ratio in the second quartile for the industry. Our members frequently transact with their accounts and take action to make sure their super is working for them. Active member accounts are those which have received contributions, rollovers or transfers or have made benefit payments over the past two years.

Member services



Digital services: website, mobile app, online portal, tools, calculators

93% of members registered for SuperOnline, compared to an industry median of 59%, with an average of 155,000 logins each month and 8.4 out of 10 member satisfaction rating. Website satisfaction rated 8.2 out of 10. Outbound communication continues to grow strongly, with a 46% open rate for emails, compared to the industry average of 24%.



Contact centre

Internally hosted contact centre with a satisfaction rating of 7.8 out of 10.



Financial advice

Full advice service ranging from simple phone based to comprehensive advice. Comprehensive advice satisfaction is very high with 90% very satisfied.



Member education

Offered both online and in-person for member convenience and flexibility. High satisfaction of 8.4 out of 10 for education seminars.



Tailored communication and information

Regular emails and newsletter, tailored to members' lifestages, plus twice-yearly statements.

07 Options, benefits and facilities for members

Importantly, none of the services offered to members are outsourced. All services, including the member contact centre and administration, are provided by dedicated teams at TelstraSuper.

TelstraSuper is one of the few super funds which offers members a dedicated professional financial advice service through TelstraSuper Financial Planning. This includes limited and general advice with the cost covered by the Fund, a 'Step It Up' service for members seeking further information on specific topics such as transitioning to retirement, reviewing investments and savings goals, through to a comprehensive service is offered at competitive costs.

Members who've used the advice services have a very high level of satisfaction rating, with both phone and face-to-face services rating highly at 8.3 out of 10 and 8.9 out of 10 respectively.

Compared to the broader superannuation fund industry, TelstraSuper members are older than average with above average balances. To meet their needs we provide services to support these members during both the accumulation phase of their superannuation and the decumulation, or retirement, phase. The strongest growth has been in TelstraSuper RetireAccess, and the Fund has increased its focus on enhancing services for retired members.

While we continue to actively provide benefits and services to the valued employees of the Telstra Group, a growing membership group are former employees who have chosen to stay with the Fund, together with those who have joined through another employer or as a personal member.

08

Determinations for the financial year ending 30 June 2022

Taking into account all aspects of the Member Outcomes Assessment, the metrics and outcomes reviewed indicate that, as at 30 June 2022, TelstraSuper is delivering on the intended outcomes for members. The long-term scale and sustainability of the Fund, directed by the current fund strategy, is expected to remain competitive.

At a Fund level, the Trustee has determined:

- Because of the scale of the Trustee's business operations, members are not being disadvantaged
- Operating costs are not inappropriately affecting the financial interests of members
- The basis of setting fees is appropriate for members
- The options, benefits and facilities offered are appropriate for members
- The investment strategy, including the level of investment risk and return targets across each option, is appropriate for members
- The insurance strategy is appropriate for members.

MySuper product determination

The Trustee has determined that the financial interests of TelstraSuper Corporate Plus and TelstraSuper Personal Plus MySuper members are being promoted by the Trustee.

Choice product determination

The Trustee has determined that the financial interests of TelstraSuper Corporate Plus and TelstraSuper Personal Plus Choice members are being promoted by the Trustee.

Defined Benefit determination

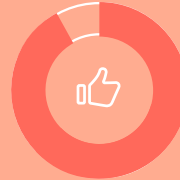
The Trustee has determined that the financial interests of Defined Benefit members are being promoted by the Trustee.

RetireAccess Allocated Pension determination

The Trustee has determined that the financial interests of TelstraSuper RetireAccess members are being promoted by the Trustee.



91,361
member accounts



9 out of 10
satisfaction rating by 54%
of members surveyed



ranked 3rd highest by members
in Net Promoter Score



8 out of 10
average satisfaction with
insurance provided.

4 out of 5

Telstra members are on track to retire
with a Mid-Level or Comfortable income.



range of financial planning options
from simple, general advice at no
additional cost to competitively
priced comprehensive advice



\$23.32 billion
funds under management



8 out of 10
average satisfaction
score with contact centre

Telstra Super Pty Ltd, ABN 86 007 422 522, AFSL 236709, is the trustee of the Telstra Superannuation Scheme ABN 85 502 108 833 (TelstraSuper).
Telephone 1300 033 166 Website telstrasuper.com.au

This document was prepared and issued in March 2023 and is subject to change. Any general advice included does not take account of your personal circumstances, financial situation or needs. Before making a decision consider if the information is right for you and refer to the relevant product disclosure statement and target market determination available at telstrasuper.com.au. Investment returns are not guaranteed. Past performance is not a reliable indicator of future returns.