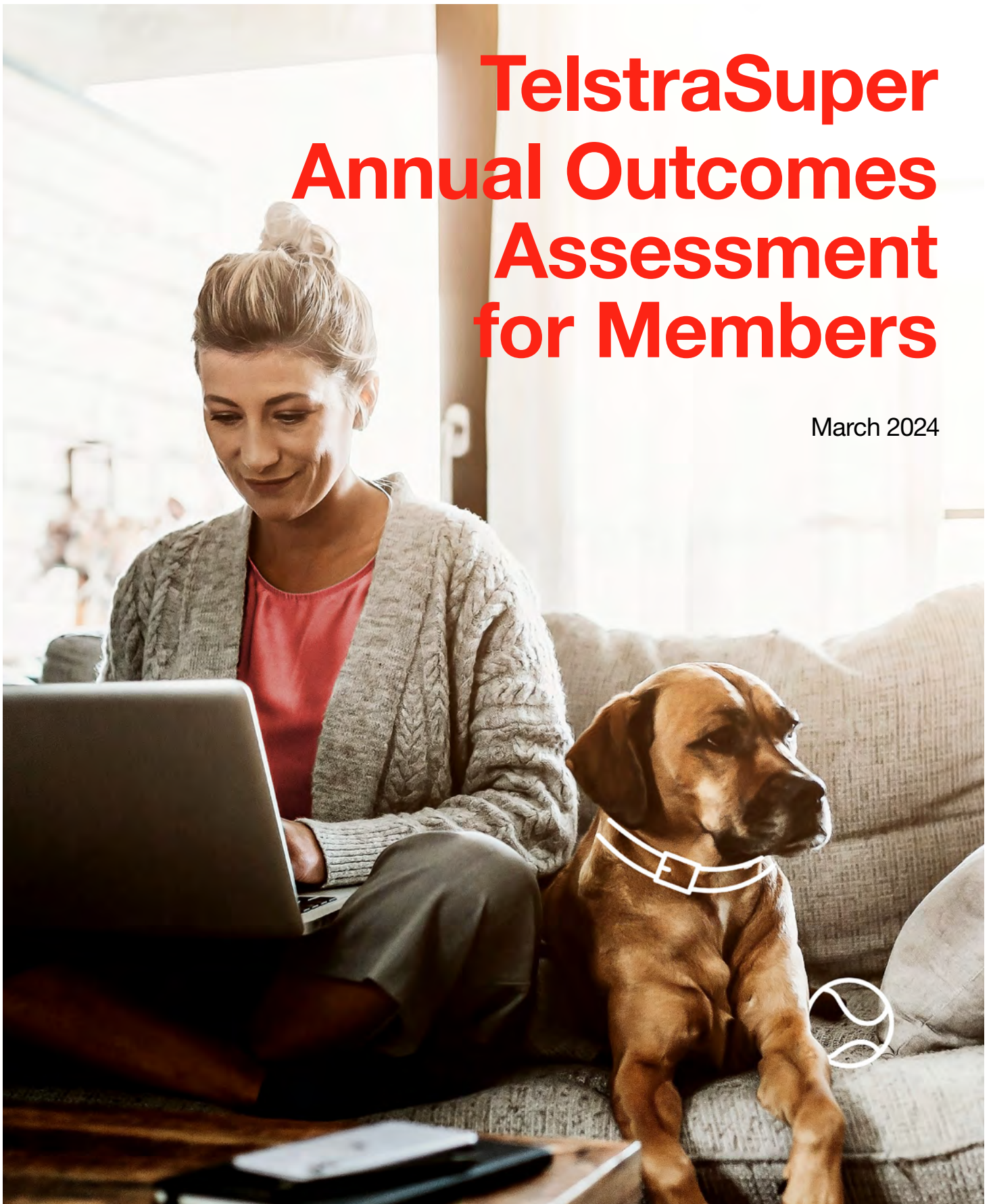


TelstraSuper Annual Outcomes Assessment for Members

March 2024



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 2023.

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 achieving the performance objectives over the long term
- 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 to achieve strong 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.

Where possible, the fund's metrics are benchmarked against all APRA regulated funds. However, when comparing at a product level, comparisons are made to a subset of funds with similar product features and/or risk profiles to provide meaningful comparisons. Ratings agency data from Chant West and SuperRatings are used for this purpose.

TelstraSuper's members are highly satisfied with the fund, with a ranking of 9 or 10 out of 10 by 51% of respondents and a ranking of 7 or 8 out of 10 by a further 33% of respondents to the 2023 Annual member survey.

01

Scale and sustainability

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

For more than 33 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 increased by 6.8% to \$24.91 billion in the year to 30 June, 2023. This was lower than the industry median increase of 9.9%.

Pleasingly, the fund's membership growth rate is steadily increasing on previous years. Our membership growth of 2% was double that of the industry median of 1%.

There has been a significant reduction in members leaving the fund, from just over 8000 in 2019/2020 financial year to 3665 in the 2022/23 financial year.

TelstraSuper remains in a good position with regard to scale and sustainability.

Additionally, ongoing strategic activity to drive increases in membership - both through increased acquisition and more members remaining with the fund in the retirement phase - should increase our assets under management.

Member demographics

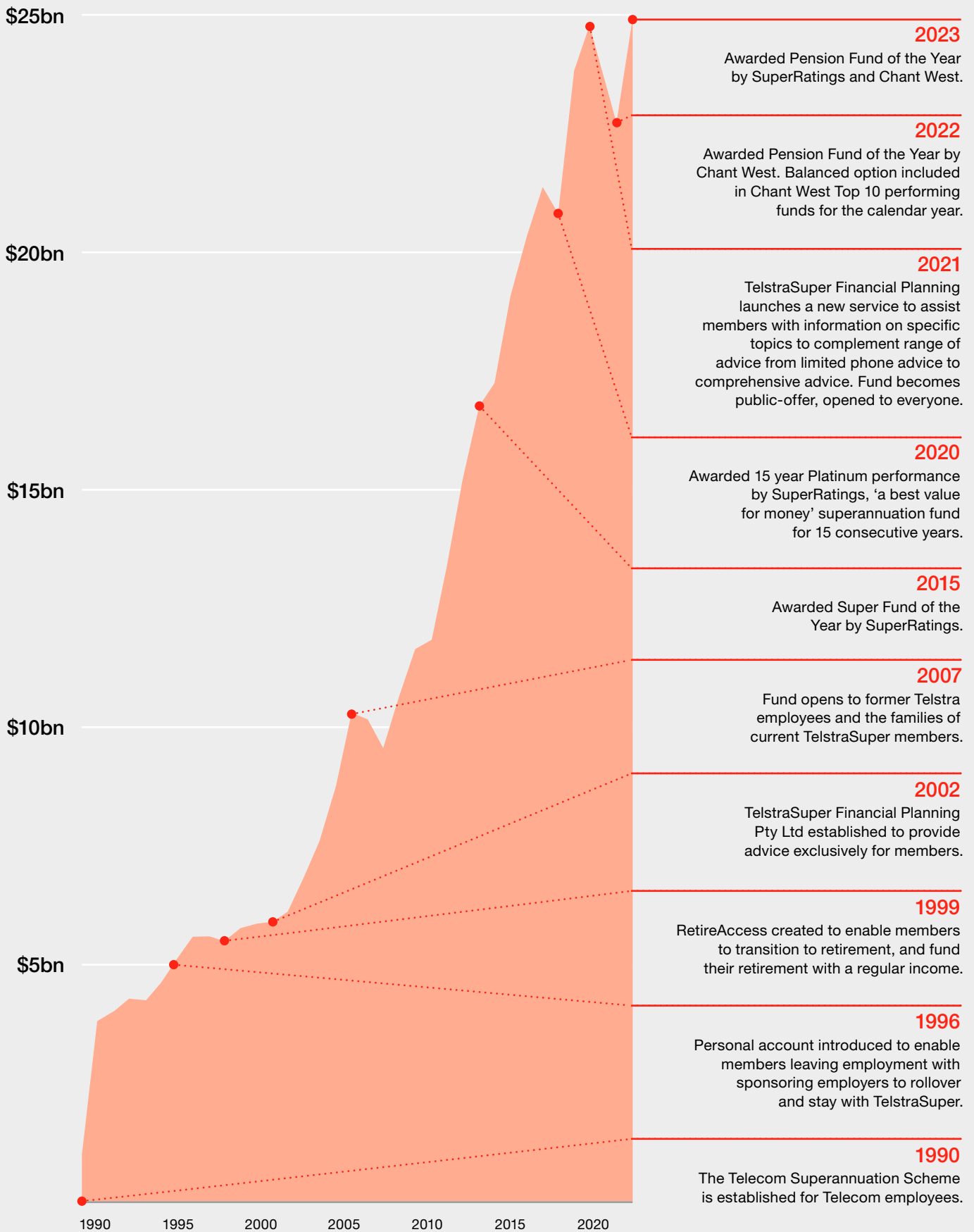
TelstraSuper's members are, on average, older than the members of many other super funds and hold much higher balances than the industry average.

There is a large proportion of members who have been with the fund for more than 30 years, with many having moved into retirement and transferred funds into TelstraSuper RetireAccess. The proportion of our members in pension phase is more than twice the industry median. The percentage of retiring members who chose to transfer into our RetireAccess product increased in the financial year to 72.8%.

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

Assets Under Management growth*



*Assets under management is financial year data at end of 30 June for each year.

02

Fees, costs and net returns

As a profit-to-member 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.

Peer comparison

The fund's administration fees were reduced in the first half of the financial year to 30 June 2023 and are competitive when compared to the administration fees charged by other funds. Administration fees are below industry median for MySuper, Choice Accumulation and Allocated Pensions across a range of balances, except for Allocated Pensions with balances above \$1 million, where the fees are moderately above median.

The fund's investment fees for MySuper Growth and MySuper Balanced are in the third quartile. This reflects TelstraSuper's active investment approach which has produced competitive, above median, net returns to members (returns minus fees) for these options. Investment fees for MySuper Conservative are in the second quartile. 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.

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.

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.

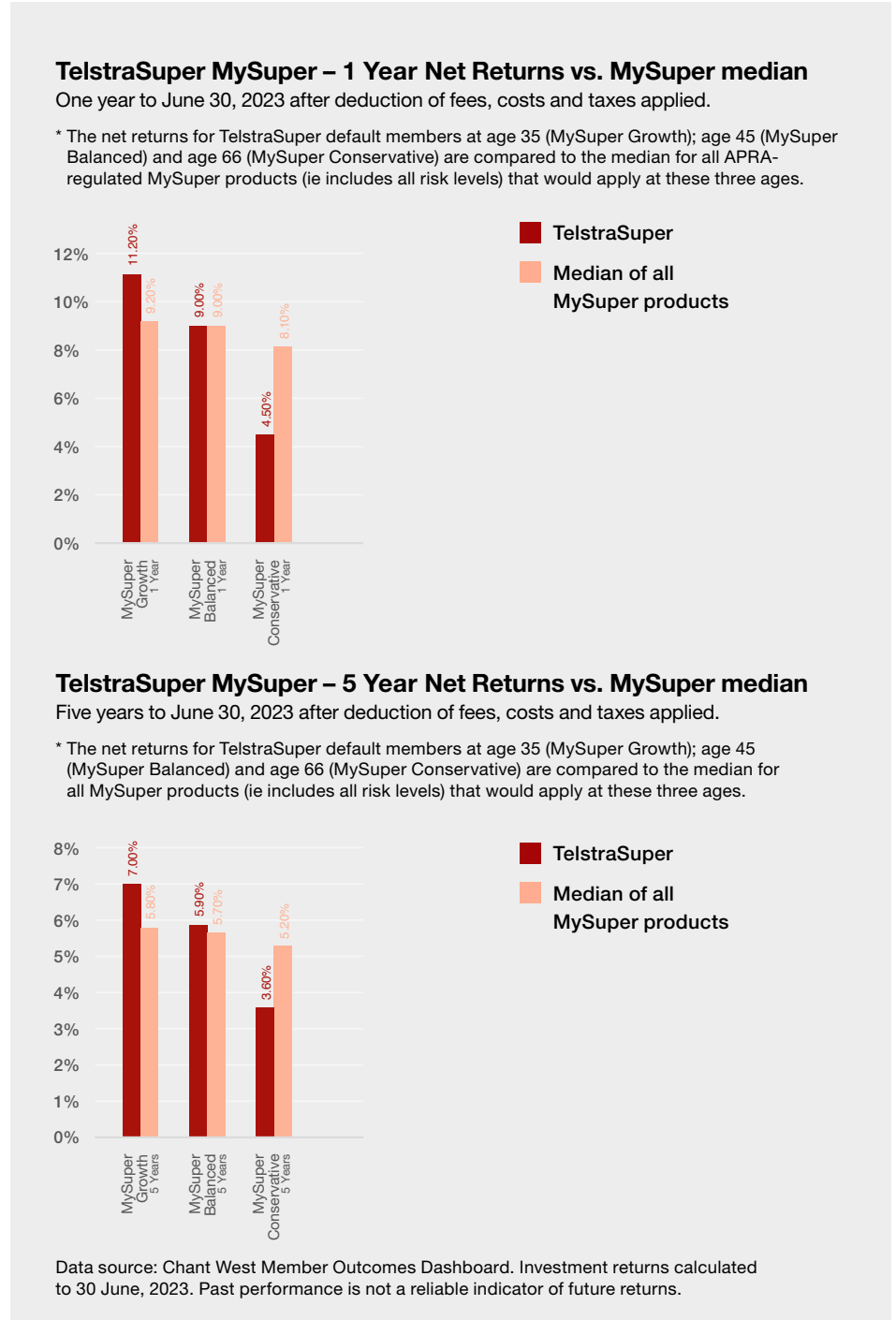
The net return for the fund's MySuper Growth option was top quartile for one year, three years and five years, when compared to the default MySuper products for 35 year old members.

The net return of the MySuper Balanced option was second quartile for one year, three years and five years, when compared to the default MySuper products for 45 year old members.

The net return for MySuper Conservative option for was fourth quartile for one, three and five years, when compared to default MySuper products for 66 year old members, including single option products that may have a higher risk profile.

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.

*From 1 October 2023, some changes were made to our default MySuper product, including the introduction of a MySuper Moderate option.

02 Fees, costs and net returns

Choice product outcomes

TelstraSuper offers four* 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 Term Deposit options via a platform.

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

All four of the Choice diversified options delivered net returns for the 10 year period to 30 June 2023 in the top or second quartile, when compared to similar funds, with the Conservative option and the Moderate* option in the top quartile.

Comparing across the Choice single sector options, the net returns over 10 years (for a \$50,000 balance) were top quartile for TelstraSuper's Property option; second quartile for TelstraSuper's Cash option

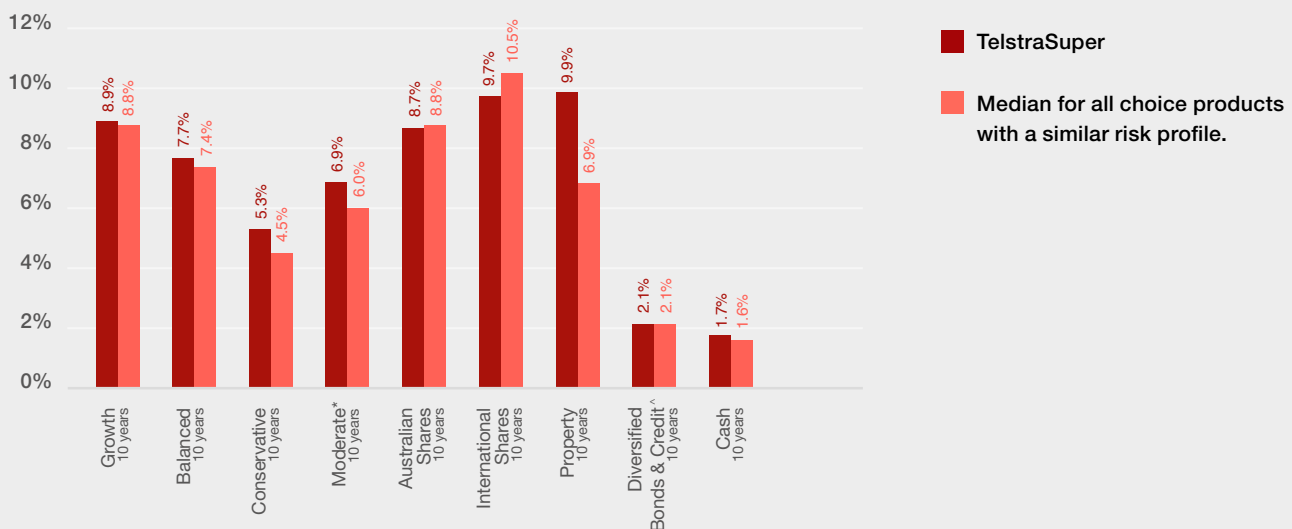
and TelstraSuper's Diversified Bonds and Credit option[^]; third quartile for TelstraSuper's Australian Shares option; and fourth quartile for TelstraSuper's International Shares option.

* At 1 July 2023, the fund's Diversified Income and Defensive Growth options were merged to form a new Moderate option with a similar investment strategy and risk profile. The ten year return for our Moderate option is based on the historical performance of the Defensive Growth option.

[^] At 1 July 2023, the Fixed Interest option changed its name to the Diversified Bonds and Credit option.

Choice product outcomes, 10 year annualised returns**

Compared on risk profile basis after deduction of costs and taxes paid, but not investment fees.



Data source: Chant West Member Outcomes Dashboard. Investment returns are for the 10 years to June 30, 2023. Past performance is not a reliable indicator of future returns.

**Comparing annualised, rather than net returns, removes the impact of administration fees which vary depending on a members' balance size.

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 top quartile or second quartile annualised returns** over 10 years for the members of all four diversified options – Lifestyle Growth, Lifestyle Balanced, Lifestyle Conservative, and Lifestyle Moderate.

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

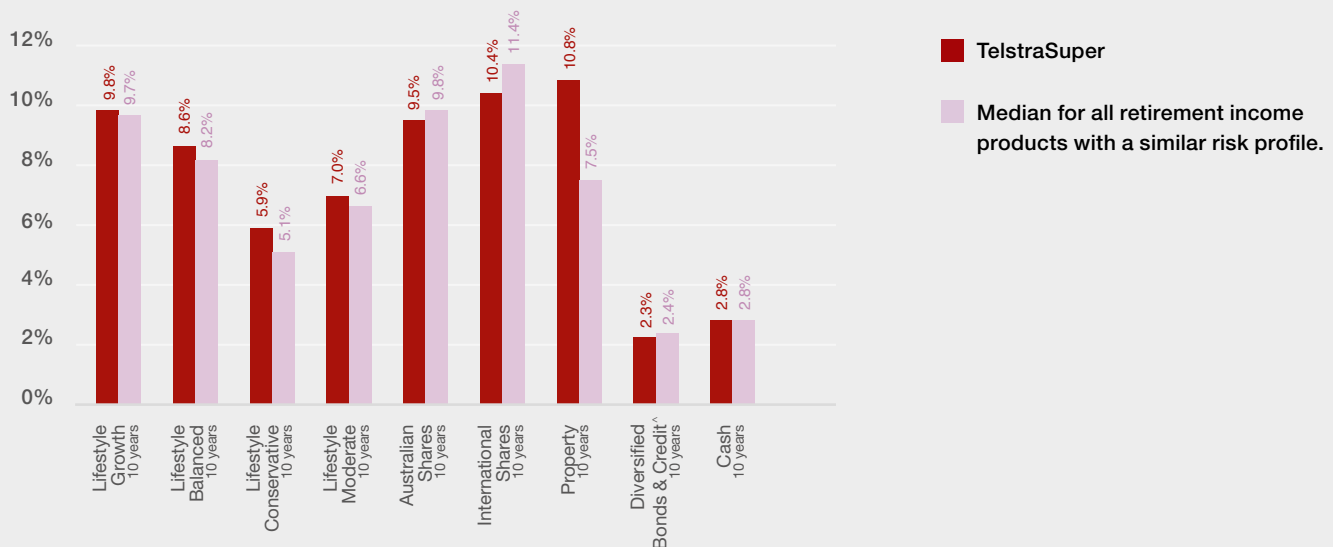
Annualised returns were below the median in the third quartile for RetireAccess Australian Shares, and in the fourth quartile for RetireAccess International Shares, and for RetireAccess Diversified Bonds and Credit.

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 (2023). Investment returns are calculated for the 10 years to June 30, 2023. Past performance is not a reliable indicator of future returns.

**Comparing annualized, rather than net returns, removes the impact of percentage-based administration fees which vary depending on a members' balance size.

[^] At 1 July 2023, the Fixed Interest option changed its name to the Diversified Bonds and Credit option.

03

Performance vs Objectives

Investment objectives vary with the level of risk associated with the assets that make up the option.

While TelstraSuper performed above its stated objectives for some investment options, the surge in inflation following the COVID 19 pandemic saw some options fall marginally below their objectives.

Investment objectives are specified relative to inflation. This means

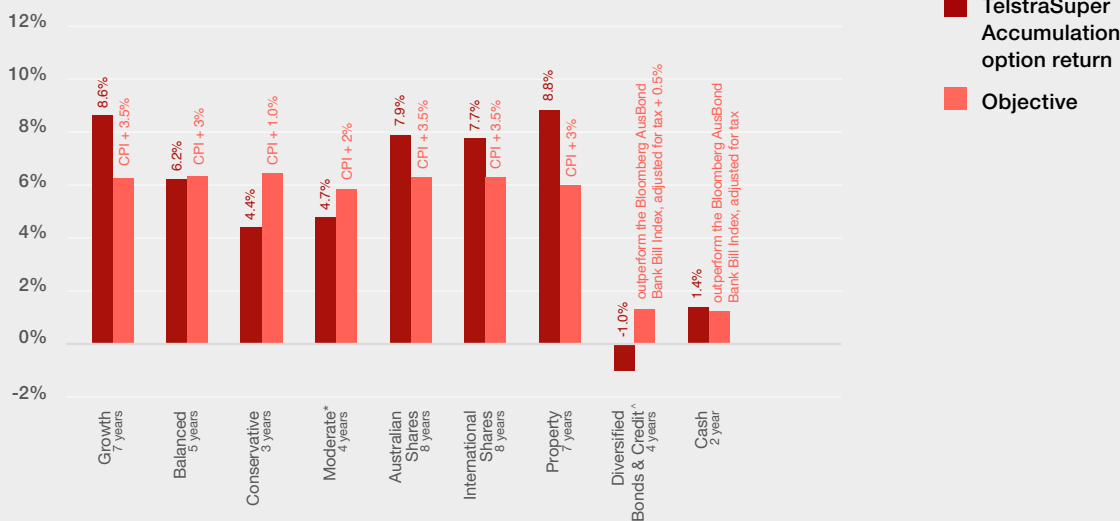
that investment objectives for some options were significantly higher than in previous periods due to higher inflation rates and, therefore, were unusually difficult targets to meet over that period.

Five Choice Accumulation Options performed above their stated investment objectives over their stated investment time horizons. Four Choice options - Balanced, Moderate, Conservative and

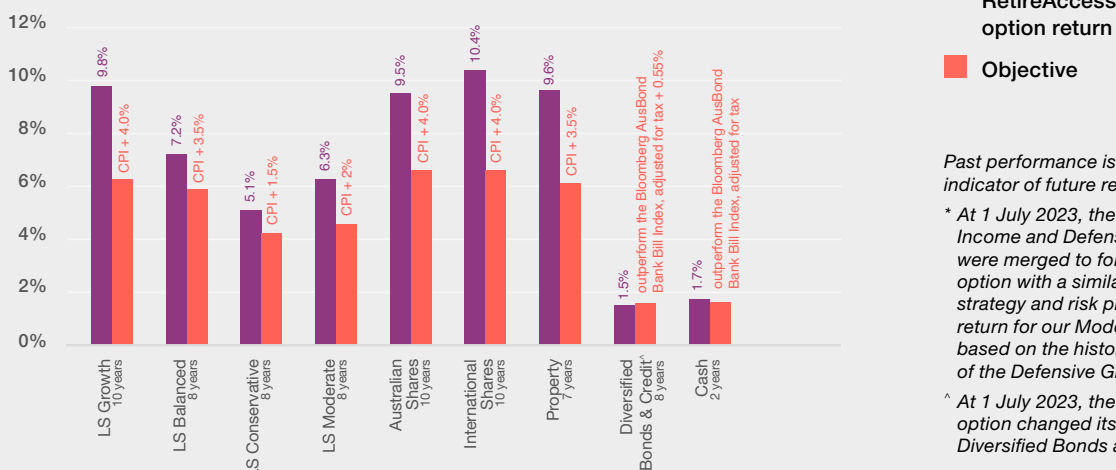
Diversified Bonds and Credit performed below their stated investment objectives.

Eight out of nine RetireAccess options performed above their stated objectives, with Diversified Bonds and Credit performing below.

Accumulation options – Performance vs. Objectives



Retirement income options – Performance vs. Objectives



Past performance is not a reliable indicator of future returns.

* At 1 July 2023, the fund's Diversified Income and Defensive Growth options were merged to form a new Moderate option with a similar investment strategy and risk profile. The ten year return for our Moderate option is based on the historical performance of the Defensive Growth option.

^ At 1 July 2023, the Fixed Interest option changed its name to the Diversified Bonds and Credit option.

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 107.01% on 30 June 2023 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 premiums 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.

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 member 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 paid for this cover is 0.59% of salary (for a male at age 45), and 0.72% of salary (for a female at age 45), both being lower than the Chant West 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 paid are lower, with an average default premium of 0.23% of salary (a unisex rate at age 45), compared to the benchmark of 1% of salary. 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 engages 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 Accumulation members are on track to receive a more than adequate income in retirement, with more than two thirds (68%) 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 \$71,724* for a couple.

If inactive members are excluded from the analysis, 83% of TelstraSuper accumulation members are expected to retire with a comfortable income, while the vast majority of active members (93%) would meet or exceed a target income of the 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 \$59,172* for a couple. For those members already invested in our RetireAccess pension products, 98% meet or exceed the ASFA Mid-point target income.

The RRI viewed by gender shows very little disparity for Defined Benefit and Corporate Plus memberships. Across the Personal Plus membership there is larger difference in the RRI for males and females: males have a higher readiness for retirement, while the RRI for females is above 70%.

Overall, the RRI is showing an improving trend over the four years from 2019 through to June 30, 2023.

*Based on budgets for various households and living standards for those aged 65-84 (September quarter 2023).

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 2023 TelstraSuper was ranked fourth

of 25 funds participating in an extensive Member Engagement study conducted by Investment Trends. The Net Promoter Score (NPS) for TelstraSuper was +25, compared to an average of -9 across the survey.

This member satisfaction was also reinforced in the annual member satisfaction survey when 51% of members surveyed rated their likelihood to recommend

TelstraSuper to family or friends at 9 or 10 out of 10. A further 33% 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. Our members frequently transact with their accounts and take action to make sure their super is working for them.

Member services



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

97% of members registered for SuperOnline, compared to Chant West's industry median of 66%, with an 8.6 out of 10 member satisfaction rating. Website satisfaction rated 8.1 out of 10. Outbound communication continues to be high, with a 37.8% open rate for emails, compared to the industry average of 22.8%. There was an 8% increase in app logins over the 12 month period to 30 June 2023 and a 15% increase in member self-service transactions.

Three new guidance tools were launched to help members calculate their retirement and help members choose suitable investments.



Contact centre

Internally hosted contact centre with a satisfaction rating of 8.4 out of 10.



Financial advice

Full advice service ranging from simple phone based to comprehensive advice. Member satisfaction for those that have had a financial planning consultation is very high with an 85% satisfaction score.



Member education

Offered both online and in-person for member convenience and flexibility. High satisfaction of 8.2 out of 10 for education seminars.



Tailored communication and information

Regular emails and newsletter, tailored to members' lifestages, plus a yearly statement.

07 Options, benefits and facilities for members

Importantly, our member contact centre and administration services are provided by dedicated teams at TelstraSuper rather than outsourced.

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 member satisfaction at 85% among those who had a financial planning consultation.

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.

TelstraSuper was recognised as a leader in providing retirement products and services for members, receiving Pension of the year award 2023 from SuperRatings and Pension fund of the year 2022 and 2023 from Chant West.

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 2023

Taking into account all aspects of the Member Outcomes Assessment, the metrics and outcomes reviewed indicate that, as at 30 June 2023, 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.



92,773
member accounts



9 out of 10
satisfaction rating by 51%
of members surveyed



ranked 4th highest by members
in Net Promoter Score



8.8 out of 10
average satisfaction with
insurance provided.

4 out of 5

TelstraSuper 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



\$24.91 billion
assets under management



8.4 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).
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This document was prepared and issued in March 2024 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.