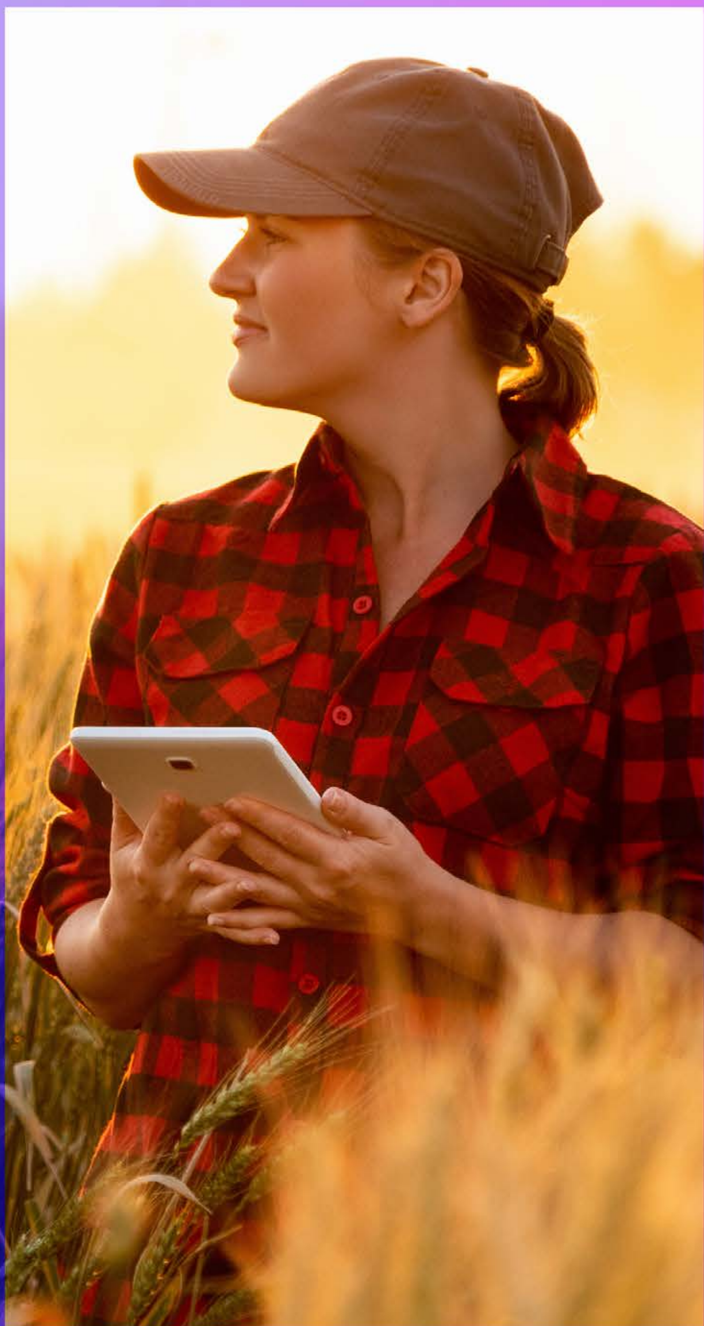
AustralianSuper's Economic Contribution to Australia

Report prepared by KPMG
March 2023



Acknowledgement of Country

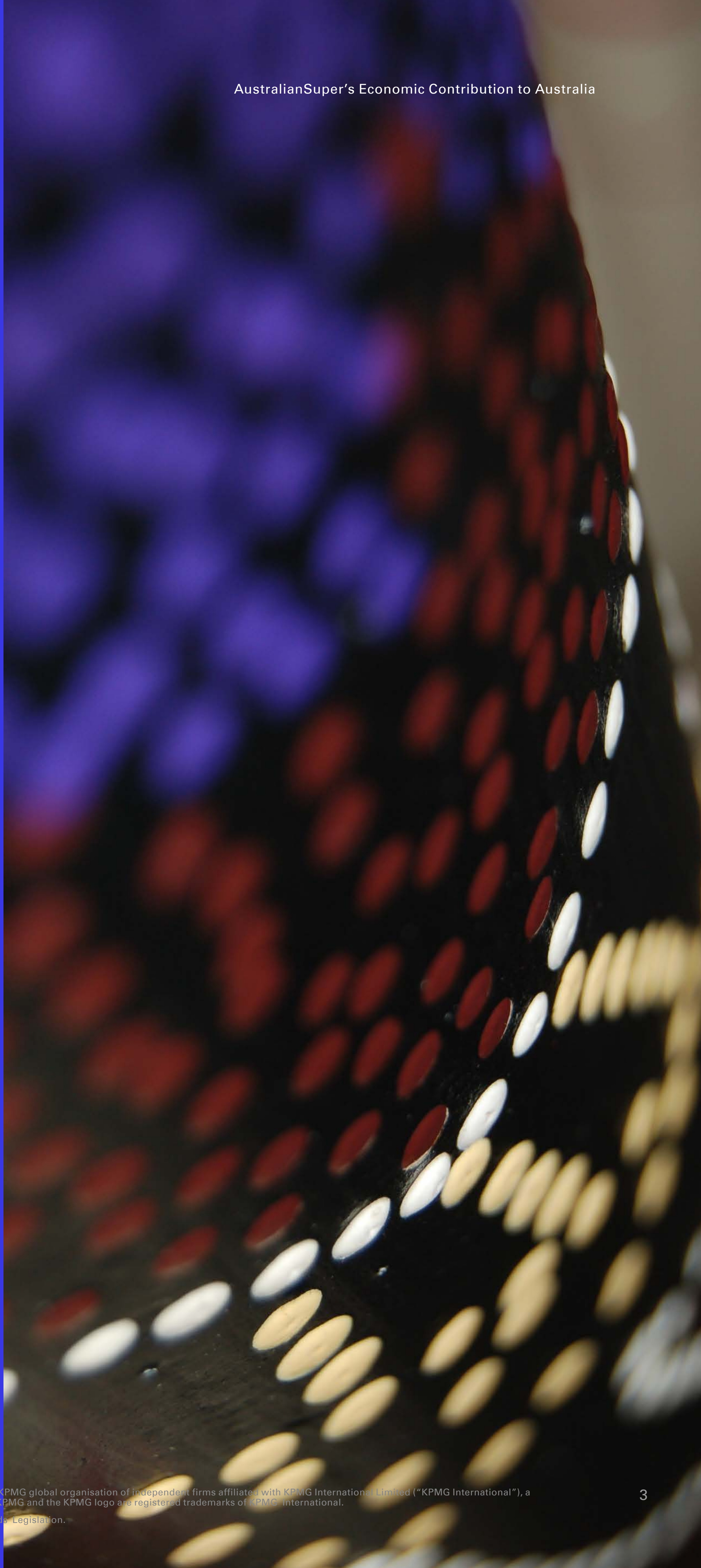
At KPMG, we recognise Aboriginal and Torres Strait Islander peoples as First Peoples of this nation.

We recognise that Aboriginal and Torres Strait Islander history and cultures are inseparable from Australia's collective history and culture and is something we can all be proud of and celebrate.

We acknowledge the Traditional Owners of the land where we gather today and each day and pay respect to Elders past and present and to emerging community leaders. We also acknowledge the important role of Aboriginal and Torres Strait Islander people within AustralianSuper and KPMG and the communities we work with.

We are proud that we live in the country with the world's oldest continuous living cultures, and we are playing our part to support Indigenous people to keep these cultures alive and vibrant.

kpmg.com/au/rap



Disclaimer

Inherent Limitations

This report has been prepared as outlined with AustralianSuper in line with the Statement of Work dated 9 September 2022. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

Any use of the term 'independent analysis' is intended to indicate objective analysis conducted by a third party and not independence with respect to any assurance or other standards issued by the Australian Auditing and Assurance Standards Board.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, and the information and documentation provided by, AustralianSuper management and personnel consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

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This report is solely for the purpose set out in the Statement of Work dated 9 September 2022 and for AustralianSuper's information and is not to be used for any purpose not contemplated in the Statement of Work or to be distributed to any third party without KPMG's prior written consent.

Other than our responsibility to AustralianSuper, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Contents

Key Findings

AUSTRALIANSUPER MAKES A LARGE CONTRIBUTION TO THE AUSTRALIAN ECONOMY DIRECTLY AND INDIRECTLY THROUGH ITS BUSINESS OPERATIONS AND INVESTMENT ACTIVITIES

GDP Contribution

$475 million

Directly and indirectly Business Operations alone contributed $475 million to Australia's GDP in FY22

Supported

2,300 Jobs

Supported approx. 2,300 additional ongoing full-time equivalent jobs in FY22

AustralianSuper's Investment Activities have:

Allocated the Nation's capital more efficiently & Increased National Savings by approx. $3.1 billion

Boosted GDP

$7.2 billion

Supported

11,800 Jobs

In combination, these impacts are estimated to have boosted GDP in FY22 by $7.2 billion and supported 11,800 additional ongoing full-time equivalent jobs

AUSTRALIANSUPER CONTRIBUTES TO A HIGHER STANDARD OF LIVING FOR ALL AUSTRALIANS

Supports more jobs and higher incomes

AustralianSuper's outperformance and contribution to increased National Savings boosts productivity and economic growth supporting more jobs and higher incomes

$7.4 billion FY22 Gross National Income boost*

= $640 for each full-time equivalent worker in the economy

AUSTRALIANSUPER INVESTMENTS IN AUSTRALIA AS AT 30 JUNE 2022

$57 billion
ASX companies

$20 billion
in unlisted Australian Infrastructure

$2 billion
Committed to emerging Australian companies and industries

CAPITAL FOR AUSTRALIAN BUSINESSES

Since 2013 the fund has supported ASX listed companies to raise over $5 billion in new equity

$5 billion

*estimated by KPMG

AustralianSuper's size, scale and capability allows AustralianSuper the opportunity to invest directly in **UNLISTED ASSETS** such as **PORTS, AIRPORTS, TOLL ROADS** and **DIGITAL INFRASTRUCTURE**

AUSTRALIANSUPER MEMBER BENEFITS

OVER THE LAST 20 YEARS
AustralianSuper members' account balances have benefitted by an estimated^ **0.61%p.a.** compared to the "Average Super Fund*" based on AustralianSuper's investment outperformance**

AUSTRALIAN SUPER MEMBERS CURRENTLY BENEFIT FROM

Lower insurance premiums

relative to the Average Super Fund* across all age groups and categories

Administration fees are on average **32%** lower than the "Average Super Fund"* on a $50,000 balance

OVER THE NEXT 20 YEARS
an AustralianSuper member's account balance is projected to be **8.8% greater** than a member of the "Average Super Fund"*

INCOME PROTECTION BENEFITS

208 Full time equivalent workers returned to work per year post rehabilition, 70 more than average

$3.2 million

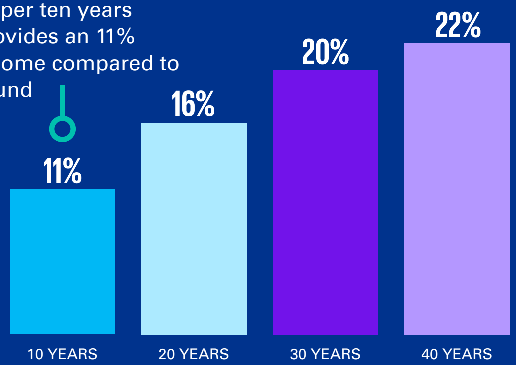
Income generated by the return to work of these members post rehabilitation

AustralianSuper's Income Protection covers a greater proportion of its member's than industry average, and resulting cover and rehabilitation processes return more Full Time Equivalent workers to work (208 FTE workers per year compared to average of 138)

HIGHER INCOME IN RETIREMENT

An AustralianSuper member retiring at 65 taking an income stream is estimated to receive a significant boost to their income compared to members of the Average Super Fund*, depending when they joined AustralianSuper

Joining AustralianSuper ten years before retirement provides an 11% higher retirement income compared to the Average Super Fund



Time as an AustralianSuper member prior to retirement

^KPMG Estimates December 2022.
*The 'Average Super Fund' has been defined in section 1.3 of this report.
**The average annual difference in the account balance that is estimated to be achieved by being invested in the AustralianSuper default option and the 'Average Super Fund' option over the period, subject to the same fees, costs and contributions.

AustralianSuper membership & member assets by state: 2022 to 2030

WA	2022 Total	Projected 2030 Total
Members	416,046	609,503
Investment Balance ($bn)	33.33	107.75

FUND ASSETS

$258bn growing to an estimated **$824bn** by **2030**

SA	2022 Total	Projected 2030 Total
Members	185,329	271,505
Investment Balance ($bn)	16.68	53.94

VIC	2022 Total	Projected 2030 Total
Members	846,066	1,239,477
Investment Balance ($bn)	78.84	254.91

TOTAL MEMBERS

2.9m members growing to an estimated **4.1m by 2030**

NT	2022 Total	Projected 2030 Total
Members	57,703	84,534
Investment Balance ($bn)	4.77	15.42

QLD	2022 Total	Projected 2030 Total
Members	326,449	478,244
Investment Balance ($bn)	28.29	91.46

NSW	2022 Total	Projected 2030 Total
Members	892,763	1,307,888
Investment Balance ($bn)	81.10	262.21

ACT	2022 Total	Projected 2030 Total
Members	65,578	96,071
Investment Balance ($bn)	8.33	26.94

TAS	2022 Total	Projected 2030 Total
Members	36,026	52,778
Investment Balance ($bn)	3.49	11.27

Note: state breakdown above does not include overseas members. Years referenced are on a financial year basis i.e. Projection is to 30 June 2030

Executive Summary

INTRODUCTION

As part of Australia's superannuation industry, AustralianSuper provides investment options designed to help its members meet their retirement objectives. This report investigates the role of AustralianSuper in the economy from the perspective of the individual member and retirement adequacy, as well as its direct and indirect contribution to the Australian economy.

AustralianSuper is the largest[1] superannuation fund in Australia with more than $258 billion in assets under management and 2.9 million members as of June 2022. Data published by the Australian Prudential Regulation Authority (APRA)[2] shows that for FY2022, AustralianSuper received approximately 16% of all employer contributions[3] and 14% of all voluntary post-tax personal contributions made to superannuation funds in Australia. The contributions in both categories are significantly greater than those received by any other superannuation fund. KPMG estimates that by 2030, AustralianSuper will still be one of Australia's largest superannuation funds, managing $824 billion in assets on behalf of 4.1 million members.

In the first part of this report, KMPG examines how AustralianSuper has contributed to higher retirement benefits for its individual members and what that means for retirement adequacy and improving living standards. We investigate the main factors that contribute to higher retirement incomes, including long-term investment outperformance and lower operational costs.

1 APRA 2022, Annual fund-level superannuation statistics, June 2022 (issued Dec 2022).

2 ibid

3 Employer contributions are generally defined as contributions made by an employer on behalf of a member in the form of Superannuation Guarantee contributions and Salary Sacrifice contributions. Personal contributions are generally defined as contributions voluntarily made by a member from after tax income.

In the second part of the report KPMG estimates the contribution of AustralianSuper to the Australian economy. This analysis focuses on the key contributions related to AustralianSuper's:

- **operations** as a business and its footprint across Australian States and Territories; and
- **investment activities** as a significant investor of member retirement savings:
  - using its size, scale and investment approach to deliver long-term return outperformance on member assets, and
  - encouraging an uplift in National Savings.

Both outperformance and higher National Savings create a pool of Australian-based capital for investing in Australian companies and major infrastructure projects, which have flow on effects in terms of creating new employment opportunities, improving productivity and growing the economy.

KEY FINDINGS

AustralianSuper as a provider of higher retirement benefits to individual members

AustralianSuper makes a significant contribution to the retirement adequacy of its members through its investment and operating activities.

The investment return of the AustralianSuper default investment option has been 1.18% higher per annum than the "Average Super Fund"[4] over the last 20 years, and 1.27% higher per annum over the last 10 years to June 2022. Contributing factors to this investment outperformance potentially include AustralianSuper's use of its size and scale and long-term investment horizon to invest directly in alternative assets that may not be available to other funds (including unlisted infrastructure, equity, credit and property assets that tend to provide a higher long-term return or 'illiquidity premium' compared to other asset classes), as well as its investment approach that emphasises active portfolio management, and leverages its internal investment capability and long-term investment horizon.

Just on investment outperformance alone, and allowing for the pattern of contributions, someone who started contributing to AustralianSuper's default investment option 20 years ago, starting with zero balance and earning average wages[5], would now have an estimated $32,700 more in their superannuation account compared to choosing the "Average Super Fund" investment option. This translates to a yearly outperformance (when considering compounding impacts of higher investment returns and allowing for contributions) of approximately 0.60% p.a. over the last 20 years.

AustralianSuper's administration and insurance costs are low compared to others in the industry. By way of an example, for a $50,000 balance, AustralianSuper administration fees are 32% lower than the "Average Super Fund". Insurance premiums for both white and blue-collar workers are lower than the "Average Super Fund" across age groups and categories compared.

4 To understand this contribution, a reference "Average Super Fund" was developed by KPMG to provide a more relevant industry average to compare AustralianSuper against. Member outcomes in AustralianSuper were then compared to this reference fund to determine the additional retirement benefit that members receive by being with AustralianSuper. Refer section 1.3 for more information about how we constructed the reference "Average Super Fund" for the purposes of this report.

5 Australian Bureau of Statistics (ABS), Earnings and working conditions, May 2022. KPMG has rounded to $90,000 as average FTE wage, rounded to nearest $10,000. Wages are adjusted by historical CPI + 1%.

KPMG has used a financial model to estimate the impact over time of investment outperformance and lower operating costs on member benefits. Higher long-term investment returns combined with low-cost administration and insurance premiums are estimated to deliver higher than average retirement benefits to AustralianSuper's members compared to the "Average Super Fund":

- Over the last 20 years, a member's account balance invested in AustralianSuper's default investment option is estimated to have been better off by on average 0.61% p.a. after allowing for contributions, fees and costs[6].
- Over the next 20 years it's estimated that an AustralianSuper member will have an additional 8.8% in their retirement balance compared to someone invested in the "Average Super Fund"[7] attributed to higher investment returns combined with lower administration and insurance costs. The future rate of net outperformance relative to the "Average Super Fund" (refer section 2.3) is assumed to be lower than what has been achieved in the past. We assume a narrowing of investment outperformance as the number of super funds is forecasted to decrease and their scale increase due to consolidation.
- A higher retirement balance provides for a potentially higher income in retirement. It is estimated that an AustralianSuper member who chooses to take their retirement benefit as an income stream could potentially have an income between 11% – 22% higher in retirement (where the member has been a member of AustralianSuper for 10 years or more), with the additional income being greater the longer a member has been with AustralianSuper prior to retirement. For example, a member could have an estimated 11% higher retirement income by switching to AustralianSuper in the last 10 years of their working life and taking their retirement benefit as an income stream.
- Higher retirement incomes will contribute to a higher standard of living for AustralianSuper members, which in turn has a positive impact on the Australian economy.

The KPMG analysis also finds that AustralianSuper's insurance coverage helped the equivalent of 208 people return to full time work in 2021, compared to the industry average of 138. The result is driven by the higher proportion of AustralianSuper members with Income Protection as part of their cover. Helping more people return to work means there was an additional $3.2 million of extra income generated from those returned workers in 2021.

Finally, we project that by 2030 AustralianSuper will grow to $824 billion in assets, managed on behalf of 4.1 million members.

AUSTRALIANSUPER AS A BUSINESS

AustralianSuper is a large profit-for-member organisation that employs workers and purchases goods and services from other businesses. In FY2022 AustralianSuper employed about 1,200 people around the country, mostly in Victoria and NSW and paid just over $700 million for goods and services supplied by other businesses.

AustralianSuper's operational activities alone are estimated to have directly and indirectly contributed about **$475 million to GDP and 2,300 additional ongoing full-time equivalent (FTE) jobs in FY2022**. Over the next 30 years, this direct and indirect contribution is estimated to be in the order of $700 million in average annual GDP and 2,800 ongoing FTE jobs.

Looking at AustralianSuper's contribution across the sectors, the Finance industry is most positively impacted by AustralianSuper's operations in Australia, with the *Professional, Scientific & Technical Services* sector also showing a significant benefit from the AustralianSuper operations. This is also reflected in the contribution across the states, with the benefits heavily skewed towards Victoria, where most of the operations are conducted, and New South Wales, where most of AustralianSuper's third party suppliers are located.

6 This comparison is made allowing for equal contributions, fees and costs over time for the funds compared

7 Past performance is not an indicator of future performance.

AUSTRALIANSUPER AS A SIGNIFICANT INVESTOR IN AUSTRALIA

AustralianSuper's contribution to the Australian economy goes far beyond its operational activities.

AustralianSuper invests member superannuation and retirement balances in a range of assets, both domestically and globally, and over the last 20 years has been able to deliver an average annual outperformance of about 1.18% p.a. for its default balanced investment option relative to the "Average Super Fund".

Long-term investment outperformance relative to competitors implies that AustralianSuper's investment decisions have contributed to **a more efficient allocation of capital in the economy.** Superior risk-adjusted returns indicate that members' savings are being allocated more efficiently, to businesses that have the best prospects for growing and generating income in the future. This supports growth and productivity, which yields more jobs and higher incomes for Australians.

Commonwealth Treasury research estimated that by 2021 compulsory superannuation had increased National Savings by about 2.5% of GDP. Increased private savings help reduce the cost of capital, which makes investment in productive assets more attractive to Australian businesses. In turn, this can boost productivity and economic growth and support more jobs and higher incomes. Increased private savings also has the potential to reduce Australia's reliance on foreign savings, reducing the risk of impacts from geopolitical or economic/financial shocks in other parts of the world. KPMG estimates that AustralianSuper contributed **an uplift in private savings** of about $3.1 billion in FY2022.

Taken together, AustralianSuper's investment outperformance and its uplift to National Savings have made a meaningful contribution to the Australian economy. Through these two impacts, KPMG estimates that AustralianSuper's investment activities **directly and indirectly contributed $7.2 billion to Australia's GDP and 11,800 additional ongoing FTE jobs across the Australian economy in FY2022**.

AustralianSuper's investment activities increase the number of jobs in the economy as well as the incomes of Australian households. KPMG estimates that AustralianSuper's investment activities directly and indirectly **boosted Gross National Income in FY2022 by approximately $640 for every FTE worker in the economy**. Assuming AustralianSuper continues to perform strongly over the next 30 years, its contribution to the economy is estimated to be in the order of $221 billion to Australia's GDP over that period and add on average about 12,500 ongoing new FTE jobs over that same period.

A broad range of industries benefit from AustralianSuper's investment activities. In particular, the *Construction* sector, which is heavily exposed to activity related to the creation of fixed assets, benefits from the boost to such activity driven by the investments made by AustralianSuper. The *Mining* sector, which is capital intensive, benefits from the lower cost of capital driven by the boost to savings. The *Professional, Scientific & Technical Services* sector benefits directly from the investment activities of AustralianSuper and indirectly through its links to other sectors, particularly the Construction sector.

The distribution of these impacts across the Australian states is reasonably close to the relative size of the states in terms of their contribution to national GDP. This mainly reflects the importance of the contribution made by AustralianSuper to National Savings, which increases the pool of capital available to businesses across the whole nation and reduces the cost of that capital. Western Australia does get a slightly higher boost, as this state is the main beneficiary of the increased mining activity.

In addition to supporting higher activity and a higher number of jobs across the economy, allocating capital to its most efficient use also generates higher paying jobs. This is good for all workers, as it facilitates an increase in living standards. Through a ratcheting effect, workers across the economy are able to access higher paying jobs.

01
Introduction

1.1
About AustralianSuper

AustralianSuper was established in 2006 through the merger of the Superannuation Trust of Australia (est. 1985) and the Australian Retirement Fund (est. 1986). Since then, the Fund has grown into the largest superannuation fund in Australia, with more than 2.9 million members and over $258 billion in member assets as at June 2022.

For FY2022, the APRA statistics[8] show that AustralianSuper received more employer and personal superannuation contributions than any other superannuation fund in the APRA database. Employer contributions amounted to $13.25 billion, representing 16 percent of all employer contributions made in FY2022[9], while personal contributions of approximately $5 billion were received, representing about 14 percent of all personal contributions made for the year[10].

Today, 1 in 8 working Australians is a member of AustralianSuper[11].

AustralianSuper's purpose is to help members achieve their best financial position in retirement through delivering strong long-term returns and using economies of scale to provide low-cost products and services.

Given AustralianSuper's size, scale and position as a significant investor in Australia, KPMG has been engaged to estimate the contribution that AustralianSuper makes to the Australian economy. The analysis includes quantitative elements where impacts are measurable, including in relation to AustralianSuper's investment performance, contribution to National Savings and improvement in retirement benefits. The quantitative analysis is supplemented with qualitative analysis where impacts are more difficult to quantify.

8 APRA (2022), Annual fund level superannuation statistics, June 2022, December 2022.

1.2
Scope

KPMG has been engaged by AustralianSuper to undertake an economic analysis of the contribution that it makes to the Australian economy. This includes identification of the direct and indirect economic impact that it makes.

1.3
Methodology and data

DATA

A range of data sources were used to guide the assessment of the economic benefits of AustralianSuper's investment activities and fund operations. To support the economic modelling and market overview that was undertaken as part of this engagement, AustralianSuper provided a range of data. KPMG also assessed publicly available data, including from: Chant West; APRA; and the Australian Bureau of Statistics (ABS).

KPMG received data from TAL (the insurance provider to AustralianSuper) in relation to claims, rehabilitation and return to work data. We used this information to assess and estimate the benefit of default Group Salary Continuance (GSC) arrangements offered by AustralianSuper, in terms of better than average performance in getting members back to work.

9 Employer contributions are defined as contributions made by an employer on behalf of a member to a defined contribution accumulation account to meet Superannuation Guarantee (SG), award or other obligations as well as contributions paid as a result of a salary sacrifice arrangement. Employer contributions are sometimes referred to as before tax contributions.

10 More formally, Personal Contributions are contributions other than: (i) Super Guarantee Contributions, (ii) Salary Sacrifice Contributions, (iii) Government Co-contributions, (iv) Low income Super Contributions and (v) Other Member Contributions. Personal contributions are sometimes referred to as after tax contributions.

11 ABS (Labour force) and AustralianSuper member data, June 2022.

KPMG'S REFERENCE "AVERAGE SUPER FUND"

To undertake a comparison of AustralianSuper relative to peers, KPMG has constructed a reference "Average Super Fund" and compared member outcomes in AustralianSuper's default fund to the returns and costs in the reference fund. In effect, the reference "Average Super Fund" acts as a proxy for the average superannuation fund in the industry.

The long-term returns of the "Average Super Fund" are assumed to be that of the median growth option calculated from Chant West[12] data as at June 2022. Any comparison of returns has not been calculated on a risk adjusted basis.

In our prospective modelling, administration fees and costs for our reference fund are assumed to be the average administration fee of the largest 10 superannuation funds[13] as at October 2022 (they include flat fees and asset-based fees where relevant).

Insurance costs for our reference "Average Super Fund" are derived from the insurance premiums per $1 of cover by age and collar rating of the largest 10 superannuation funds[14] as at October 2022. The average premium for blue and white-collar workers is used to form an average premium cost of insurance cover. This has been compared to the premiums charged by AustralianSuper by age and collar rating to determine a comparable insurance cost saving.

PROJECTIONS

KPMG has produced projections to demonstrate estimated benefits to AustralianSuper members (retrospectively and prospectively) compared to the reference "Average Super Fund", and an annual estimate of the size of AustralianSuper until 2030 (by number of members and member assets). AustralianSuper has provided input into the calibration of the projection models by providing supporting historical data.

These actuarial calculations relate to projections and estimates of the outcomes of events that have not yet occurred and/or are unknown, often extend many years into the future, and rely on various assumptions. AustralianSuper acknowledges that any analysis, estimates, results, and/or conclusions provided, to the extent they relate to such calculations, are subject to inherent uncertainty.

MACROECONOMIC MODELLING

To estimate the economic contribution of the Fund to Australia, KPMG used KPMG-CGE, a proprietary computable general equilibrium model of the economy. KPMG-CGE models the economy as a system of inter-related industries and economic agents operating in competitive markets. Economic theory is combined with detailed data to specify the behaviour and market interactions of economic agents, including consumers, investors, businesses and governments operating in domestic and foreign markets for goods, capital and labour. A summary of KPMG-CGE is provided in the Appendix.

In the context of this study AustralianSuper's contribution to the economy captures both the direct and indirect (or flow-on) impacts of its activities.

12 AustralianSuper's default Balanced option is categorised by Chant West as a growth fund. The AustralianSuper compound return for 20 years to 30 June 2022 is compared to the return calculated from the Chant West time series returns for the median growth investment option, net of investment management fees and taxes, as published in 'Super members spared the worst in a rough year for markets' 19 July 2022.

13 Effective October 2022, KPMG reviewed the administration fees of the 10 largest APRA regulated funds by assets under management, outside of AustralianSuper, and calculated and compared the disclosed administration fees as per the effective PDS of each fund. An average fee was then calculated of these funds, and compared to that of AustralianSuper's administration fees as of October 2022.

14 Effective October 2022, KPMG reviewed the insurance premiums of the 10 largest APRA regulated funds by assets under management, outside of AustralianSuper, and calculated and compared the disclosed insurance premiums as per the effective PDS of each fund. An average premium by blue and white collar worker was then calculated of these funds, and compared to that of AustralianSuper's insurance premiums as of October 2022.

Structure of the report

In addition to this section, which provides an overview of AustralianSuper and outlines the scope, methodology and data used, the remainder of this reports is structured around the following sections:

2 — Section 2 estimates the outperformance of AustralianSuper's default investment option relative to the "Average Super Fund", which has and is expected to continue to yield higher benefits for members. We discuss AustralianSuper's role and impact as a provider of higher retirement benefits to Australians, through investment outperformance as well as lower administration and insurance costs.

3 — Section 3 looks at AustralianSuper's economic contribution to Australia as a significant business. AustralianSuper employs workers and purchases goods and services from other businesses. These activities directly and indirectly boost GDP and contribute to employment in Australia. The overall economic impact is estimated in Section 5.

4 — Section 4 highlights elements that specifically contribute to the outperformance of AustralianSuper relative to the broader superannuation industry. The economy-wide impacts of outperformance are presented in Section 5.2.

5 — Section 5 analyses the economic value AustralianSuper contributes to the Australian economy through its business operation activities, as well as its long-term investment outperformance and uplift in National Savings.

Appendix includes additional detail on the economic model used to estimate the economic impacts.

Throughout this report, case studies are included to demonstrate the direct and indirect economic benefits of AustralianSuper's investment activities. These examples illustrate the investment approach adopted by AustralianSuper including its long-term investment in Australian companies and key infrastructure assets.

02

AustralianSuper as a provider of higher retirement incomes

The core purpose of AustralianSuper is to provide retirement benefits for its members. This section looks at the additional retirement benefits that AustralianSuper has been able to provide for its members through a combination of long-term return outperformance and low-cost administration and insurance. We also project such future benefits.

2.1
Investment Performance

The long-term return on a superannuation fund balance can have a material impact on a member's final retirement benefit, and their retirement.

To demonstrate the impact of AustralianSuper's long-term returns, KPMG has compared the returns of the AustralianSuper default balanced investment option to the returns of a reference "Average Super Fund"[15], which acts as a proxy for the average of the superannuation industry.

Over the 20 years to 30 June 2022, AustralianSuper's default investment option outperformed the reference "Average Super Fund" option based on Chant West's median growth fund return[16] by 1.18% p.a., and by 1.27% p.a.[17] over the most recent 10 years, after investment fees and costs[18].

This translates to a significant retirement benefit to members, noting that 72% of member assets are invested in the default option.

15 As defined in Section 1.3

16 Chant West 2022 – time series return for the median growth investment option – refer section 1.3 for more detail on how we have used this information. Chant West classifies the AustralianSuper balanced 'default' investment option as growth. Outperformance is based on a single initial investment with no contributions.

17 Returns are net of investment management fees and tax.

18 The annual 10 and 20 year rate of return is calculated for both AustralianSuper and the "Average Super Fund". The calculation is based on the geometric average of the actual rates of return experienced each year for each fund, over the selected period. For example, the 10 year rate of return is calculated as:

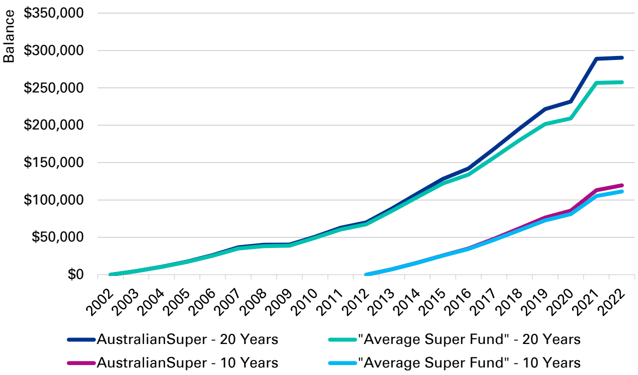
10 yr RoR = [(1+RORt-9) x (1+RORt-8) x……(1+RORt)]1/t – 1

where t=10

The rate of return outperformance is the difference between the geometric average of the 10 and 20 year RoR respectively for AustralianSuper and the "Average Super Fund".

Figure 1 illustrates the impacts of AustralianSuper's outperformance only, with no allowance for administration costs or insurance premiums. Assuming the member joined AustralianSuper 10 years ago with no starting balance and made annual contributions[19], they would be estimated to be $8,200 better off over the 10-year period compared to receiving the median return in the reference "Average Super Fund", solely on the basis of the investment performance[20].

Figure 1:
Member Benefit due to investment outperformance



19 This assumption is based on the historic Australian Tax Office (ATO) SG contribution percentages and the latest average additional member contributions for the industry taken from 2022 KPMG Super Insights report. https://public.tableau.com/shared/M3W9KSSXB?:display_count=n&:origin=viz_share_ link&:embed=y

20 Contributions tax is accounted for, and returns are net of investment management fees and tax.

The AustralianSuper member's balance is estimated to be $119,500, in comparison to that in the "Average Super Fund" balance of $111,300. AustralianSuper has achieved an estimated yearly outperformance (when considering compounding effects of higher investment returns[21]) of approximately 0.71% p.a. in the last 10 years[22].

If the member had joined 20 years ago, again starting with zero starting balance and making contributions[23], the member is estimated to be $32,700 better off over the 20-year period compared the "Average Super Fund", solely on the basis of the investment performance[24]. The AustralianSuper member's balance is estimated to be $290,400, compared to the "Average Super Fund" balance of $257,700. AustralianSuper has achieved an estimated yearly investment outperformance (when considering compounding effects of higher investment returns[25]) of approximately 0.60% p.a. in the last 20 years[26].

AustralianSuper's investment approach has several characteristics that potentially contribute to its long-term investment outperformance relative to other funds in the superannuation industry including:

- Investment approach.
  - being a long-term investor (patient capital).
  - since 2013, growing the internal investment management capability and capacity to acquire and manage assets.
  - investing to drive value creation as an informed and active owner of assets.
- Size and scale coupled with a positive net cash flow position expands the potential investment opportunities for AustralianSuper to include direct ownership of large, illiquid assets.

AustralianSuper's investment outperformance is discussed in more detail in Section 4.

21 Returns are net of investment management fees and tax.

22 The calculation shows the average annual difference in the account balance that is estimated to be achieved by being invested in the AustralianSuper default option and the "Average Super Fund" option over the 10 year period. The addition of contributions over time along with the compounding of investment returns dilutes the impact of the investment return differential on a per annum basis, from 1.27% to 0.71%.

23 See section 2.3 for contribution assumptions.

24 Contributions tax is accounted for, and returns are net of investment management fees and tax.

25 Returns are net of investment management fees and tax.

26 The calculation shows the average annual difference in the account balance that is estimated to be achieved by being invested in the AustralianSuper default option and the "Average Super Fund" option over the 20 year period. The addition of contributions over time along with the compounding of investment returns dilutes the impact of the investment return differential on a per annum basis, from 1.18% to 0.60%.

2.2
Lower costs for AustralianSuper members

While performance is important, so are the ongoing costs a member incurs on their superannuation account balance – both administration costs and insurance premiums are a key determinant of the net benefit a member can expect from their super in retirement.

LOWER ADMINISTRATION FEES

We compared the costs in AustralianSuper to the costs a member would incur in a reference "Average Super Fund" which charged the average fee and insurance premium from the largest ten superannuation funds (refer section 1.3).

KPMG's analysis has determined that members of AustralianSuper benefit from lower administration fees and costs, as well as lower insurance premiums in comparison to the industry average for large funds.

With regards to administration fees and costs, a member with a balance of $50,000 in the default investment option would currently pay $102 a year with AustralianSuper, whilst a member with the same balance would pay an estimated $150 on average per year in the "Average Super Fund"[27], 47% more than the AustralianSuper member. A comparison of the estimated administration fees (including flat-dollar and asset-based fees where relevant) on various balances is provided below.

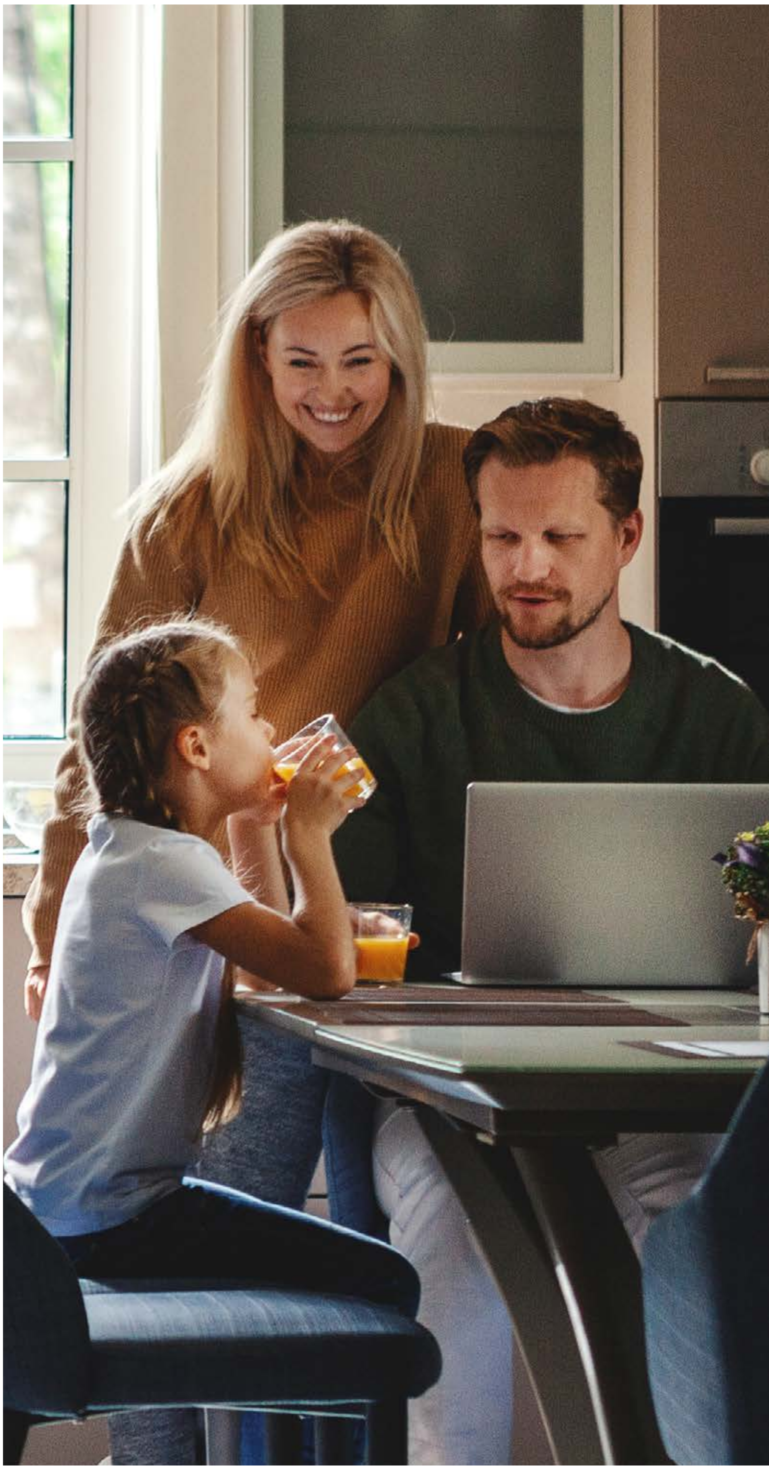


Figure 2:
Administration costs for various balances

	AustralianSuper	"Average Super Fund"*	Saving
$50,000	$102	$150	$48
$100,000	$152	$231	$79
$200,000	$252	$422	$170
$500,000	$402	$936	$534

**The "Average Super Fund" is defined in Section 1.3*

27 Effective October 2022, KPMG reviewed the administration fees of the largest ten APRA regulated funds, outside of AustralianSuper, and calculated and compared the disclosed administration fees as per the effective PDS of each fund. An average fee was then calculated of these funds, and compared to that of AustralianSuper.

LOWER INSURANCE PREMIUMS

KPMG has reviewed the annual insurance premiums of AustralianSuper as well as those of the ten largest APRA regulated funds for members by age, gender and work rating, and found that members of AustralianSuper benefit from lower premiums for the same level of cover for most member types.

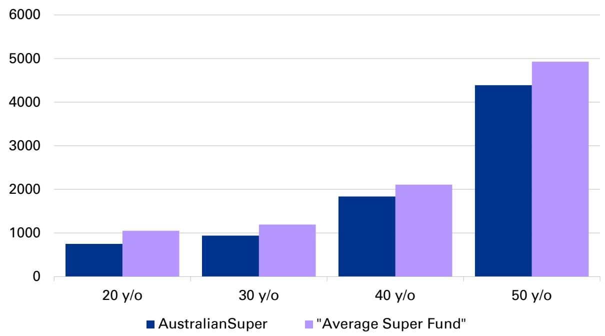
As an example, if a member who is defined as a blue-collar category worker was to hold $400,000 Life and Temporary Permanent Disability (TPD) cover and $3,500 per month Income Protection cover, the average savings by age band are:

- 20-year-old (who has opted into the cover) would save $301 per year,
- 30-year-old would save $255,
- 40-year-old would save $271, and
- 50-year-old would save $539.

These results are shown in Figure 3 and are replicated in Figure 4 for workers categorised as white-collar workers.

Given that superannuation is a key source of insurance for more than 8 million members of superannuation funds[28], including 1 million AustralianSuper members, these are significant savings over a long term for a large number of Australians.

Figure 3:
Blue Collar - $400,000 Life and TPD cover and $3,500 Income Protection cover



28 APRA - Life insurance claims and disputes statistics. 18 October 2022 https://www.apra.gov.au/life-insurance-claims-and-disputes-statistics.

SAVING ON DEFAULT COVER FOR YOUNGER MEMBERS

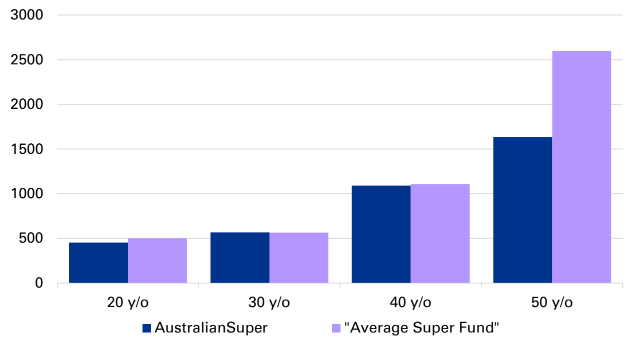
As part of the Putting Member's Interests First (Treasury Laws Amendment (Putting Members' Interests First) Act 2019) legislation effective 1 April 2020, superannuation funds were required to:

- Cancel insurance cover for members with balances below $6,000 (where they didn't request to keep the cover) from 1 April 2020, and
- From 1 April 2020, only start insurance cover for members where they have reached a balance of $6,000 and are age 25 or older.

Understanding the impact of these changes, which help avoid erosion of low and younger members' balances, AustralianSuper enacted these changes effective 1 November 2018, becoming the first fund in the industry to do so.

As a result of these changes, KPMG estimates that 70,000 new members saved an average of $170 per year each in annual premiums. Over the period between November 2018, when AustralianSuper implemented the change and April 2020, when the legislation became effective and most other super funds implemented the change, AustralianSuper's market leading move is estimated to have resulted in a collective saving to these members of $16.8 million, an amount that remained invested in young and low balance members' accounts, increasing their balances and retirement benefits.

Figure 4:
White Collar - $400,000 Life and TPD cover and $3,500 per month Income Protection cover

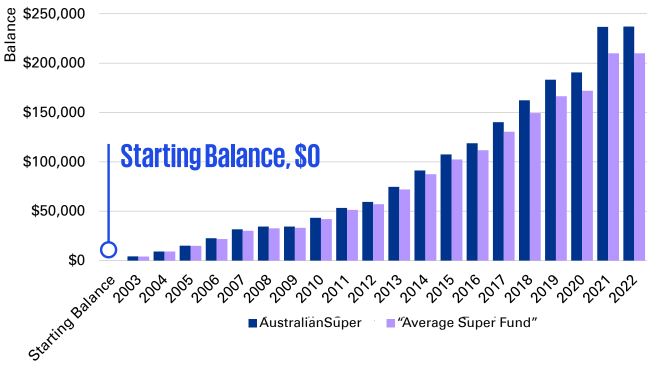


2.3
Overall benefit of being an AustralianSuper Member

Through a combination of both AustralianSuper's long-term investment return outperformance and lower cost administration fees, costs and insurance premiums, AustralianSuper members benefit by achieving higher retirement balances relative to members in the "Average Super Fund"[29].

KPMG estimates the potential net benefit to members by projecting the retirement benefits for a range of members, based on when they join the fund.

Figure 5:
AustralianSuper vs "Average Super Fund" – Historic Outperformance



29 See Section 1.3, KPMG has constructed a reference "Average Super Fund", with costs (administration and insurance) calculated as the average of a panel of the 10 largest APRA superannuation funds, and the return of the fund being that of the Chant West median growth fund.

30 Salary assumption is based on $90,000 annual salary in 2022, approximated from May 2022 Average Weekly earnings. Last modified 18 Aug 2022: https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release

31 Reserve Bank of Australia (RBA) Inflation Expectations. 4 November 2022 https://www. rba.gov.au/statistics/tables/xls/g03hist.xls

32 ATO SG Percentages Last modified: 21 Sep 2022 https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

33 Assumption is based on the latest average additional member contributions for the industry taken from 2022 KPMG Super Insights report. Last modified: 25 May 2022 https://public.tableau.com/shared/M3W9KSSXB?:display_count=n&:origin=viz_share_link&:embed=y

34 Returns are net of investment management fees and tax.

35 Given the inconsistency of information available about the historical administration fees and insurance premiums of the funds reviewed in developing the "Average Super Fund", KPMG has, in modelling the past member outcomes, assumed fees and insurance premiums are based on current "Average Super Fund" rates. Insurance Premiums are based on those of the 10 largest APRA regulated funds and calculated for members by age, gender and work rating. An average default premium by age for the 'Average member has been calculated on this basis. See section 2.2 for further details

BENEFITS TO CURRENT AUSTRALIANSUPER ACCUMULATION MEMBERS

A retrospective projection has been produced that quantifies the relative benefit to AustralianSuper members over the last 20 years (from 1 July 2002 until 30 June 2022). The values are based on investment returns, fees and costs, and insurance premiums incurred by AustralianSuper relative to the "Average Super Fund" member, as outlined above. The projection is based on:

- A starting super balance of $0 as at 1 July 2002;
- An annual salary of $48,000[30] in FY2003 (1 July 2002 – 30 June 2003), indexed to the Reserve Bank of Australia's (RBA) CPI[31] + 1% each year;
- Cashflows are assumed to occur, on average, halfway through the financial year;
- Historic Australian Tax Office (ATO) Superannuation Guarantee contribution percentages[32] and average additional member contribution percentages of 2.2% p.a.[33] of salary;
- Historic actual investment performance of the fund against the "Average Super Fund" (using the investment performance of the Chant West median growth fund[34], as noted in section 1.3 of report); and
- Costs including administration fees and insurance premiums are based on the reference "Average Super Fund"[35]. This is done as a conservative assumption (due to inconsistency in available historical data resulting from changes in the reporting methodology in APRA data over time) and as such we have assumed for the backward-looking projection that fees and insurance costs in AustralianSuper are the same as the "Average Super Fund".

As outlined in section 2.1, based on the projection, AustralianSuper has achieved an estimated yearly outperformance (when considering compounding impacts of higher investment returns, and assuming equal fees and costs and insurance premiums) of approximately 0.61% p.a. in the last 20 years. Over the last 10 years, the annual difference between the AustralianSuper member benefit and the "Average Super Fund" is estimated to be 0.72% p.a.

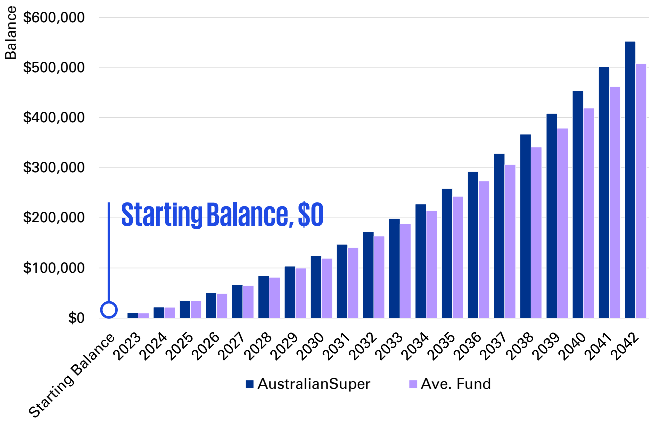
BENEFITS TO FUTURE AUSTRALIANSUPER ACCUMULATION MEMBERS

A prospective projection has been produced to estimate the future benefits of being an AustralianSuper member, compared with being a member of the reference "Average Super Fund", with slightly more conservative investment assumptions than the outperformance achieved in the past, and uses current differentials in fees, costs and insurance premiums that favour AustralianSuper members.

The projection is based on:

- A starting super balance of $0 as at 1 July 2022;
- An annual salary of $93,000[36] in FY2023, which is indexed to Australian Government Budget[37] assumed Wage Price Index each year;
- ATO Super guarantee percentages[38] and assumed member contribution rate of 2.2% p.a.[39] of salary;
- Cashflows are assumed to occur, on average, halfway through the financial year;
- Base investment return[40] of 3.00% p.a. + CPI (based on the Australian Government Budget assumed Consumer Price Index[41]), with an additional allowance for AustralianSuper outperformance starting at 1.18% p.a., and reducing over time to a long-term rate of 0.50% p.a.; and
- An allowance for costs including fees and insurance[42].

Figure 6:
AustralianSuper vs "Average Super Fund" – Future Benefit



Based on the forecast of further industry consolidation, there will be fewer but larger funds in the future with the scale to potentially replicate some of AustralianSuper's investment approach. The variance between AustralianSuper's long-term investment outperformance against the average fund is therefore assumed to narrow from 1.18% to 0.50% per annum.

The projection shows that being an AustralianSuper member in future can be expected to result in a higher relative benefit that increases the longer a member stays with the fund. A member who stays with AustralianSuper for the next 10 years is estimated to have an additional 5.2% in retirement balance, and an estimated 8.8% for a member who stays for 20 years.

36 Salary assumption is based on $90,000 annual salary in 2022, approximated from May 2022 Average Weekly earnings. Last modified 18 Aug 2022: https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/latest-release

37 Australian Government Budget Paper No.1 -2022-23 https://budget.gov.au/2022-23-october/content/bp1/download/bp1_bs-1.pdf

38 ATO SG Percentages. Last modified: 21 Sep 2022. https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

39 Assumption is based on the latest average additional member contributions for the industry taken from 2022 KPMG Super Insights report. Last modified: 25 May 2022 https://public.tableau.com/shared/M3W9KSSXB?:display_count=n&:origin=viz_share_link&:embed=y

40 The base rate of return for a growth portfolio is assumed to be 3% + CPI. Returns are net of investment management fees and tax.

41 Australian Government Budget Paper No.1 -2022-23 https://budget.gov.au/2022-23-october/content/bp1/download/bp1_bs-1.pdf

42 We have assumed fees are based on current AustralianSuper's fees, which are lower than the "Average Super Fund" rates by $23.21 p.a. for the flat-dollar fee ($52.00 vs $75.21) and 0.05% p.a. for the asset-based fee. (0.10% p.a. vs 0.15% p.a.). Asset-based fee caps between funds are varied and will continue to vary into the future. As such, no asset-based fee cap has been assumed for projections into the future. We also note that fee rebates are not accounted for in this modelling, as a comparison between funds is not practicable. Insurance Premiums are based on those of the 10 largest APRA regulated funds and calculated for members by age, gender and work rating. An average default premium by age for the 'Average member has been calculated on this basis. See section 2.2 for further details.

BENEFITS TO AUSTRALIANSUPER MEMBERS IN RETIREMENT

A higher annual superannuation balance accumulated through a member's working life translates into a higher retirement balance. Members who stay with AustralianSuper and convert that higher relative balance to an income stream in retirement, continue to benefit from AustralianSuper's ability to generate higher net returns in retirement. This potentially results in an even higher level of retirement income, compared to retiring in the "Average Super Fund".

Assuming an income stream is taken at the point of retirement (instead of any lump sum withdrawals) several scenarios are presented to show the various retirement income advantages that may be achieved. The scenarios are based on the member being with AustralianSuper for different periods prior to retirement – that is someone switches to AustralianSuper at retirement, 10 years before retirement (at age 55), 20 years before, 30 years and 40 years before retirement (at age 25).

The derived income amount per year is based on a 65 year old person retiring and living until 85. The investment outperformance[43] in retirement, compared to the "Average Super Fund" is assumed to be 0.5% p.a.[44], accounting for assumed future narrowing of the return differential compared to the "Average Super Fund" and an allowance for a more conservative portfolio[45]. Additionally, administration fees and costs have been allowed for (Refer to Footnote 42).

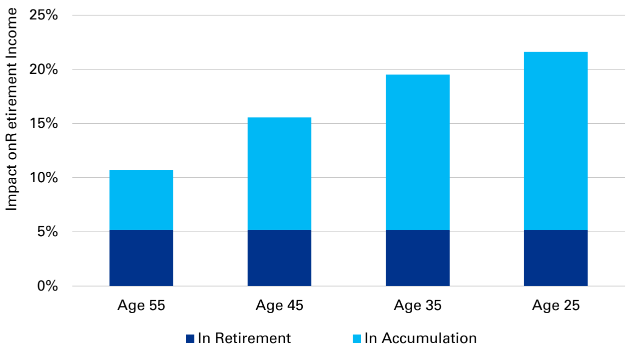
If someone joins AustralianSuper at the point of retirement i.e. they have accumulated their retirement benefit with the "Average Super Fund" and switch to AustralianSuper to take out an income stream, they could expect to achieve an estimated 5.2% higher in retirement income compared to if they had stayed with the other "Average Super Fund".

If that same person switched to AustralianSuper 10 years prior to retirement (i.e. during the accumulation period), we estimate they would experience approximately 11% higher retirement income compared to if they stayed in the "Average Super Fund" (a component of this advantage is attributed to the accumulation phase represented by the light blue in Figure 7, the other component attributed to the retirement phase represented by the dark blue). This estimate increases to approximately 16%, 20% and 22% for the same person switching to AustralianSuper 20, 30 and 40 years prior to retirement, respectively.

This result is important, as it is generally the last 10 years of work where account balance and salary (and hence contributions) is the highest, showing that the member could maximise the best use of those contributions.

These results demonstrate the relative advantages of being with AustralianSuper both in accumulation phase and in retirement.

Figure 7:
AustralianSuper vs "Average Super Fund" – additional retirement income that can be achieved, based on when joined AustralianSuper



Income in Retirement Comparison

	Entrance Age into AustralianSuper			
Income*	**Age 55**	**Age 45**	**Age 35**	**Age 25**
AustralianSuper**	$61,000	$64,000	$66,000	$67,000
"Average Super Fund"^	$55,000	$55,000	$55,000	$55,000

** Income in today's dollars using 2.5% discount rate*
*** Being a member of AustralianSuper in accumulation and retirement ^ The "Average Super Fund" is described in Section 1.3*

43 Returns are net of investment management fees and tax.

44 Assumption is based on partial reduction in growth assets in pension phase (approximately 66% in growth assets).

45 There is no allowance for Age Pension eligibility and it is assumed 100% of the retirement benefit is converted to an income stream.

2.4
Benefits of default insurance cover for members

KPMG has compared the default insurance arrangement of AustralianSuper with the industry in order to estimate the AustralianSuper insurance arrangement's impact on the underinsurance gap in Australia. Based upon APRA statistics[46] we have compared the proportion of members with insurance cover for AustralianSuper to other superannuation funds and identified that a lower proportion of members in AustralianSuper have insurance compared to the industry for Group Lump Sum Insurance. This is likely due to Protecting Your Super and Putting Members' Interests First legislative changes, and product design changes made by AustralianSuper. As per APRA Annual MySuper statistics[47], the proportion of members with default Death and TPD cover for AustralianSuper is slightly lower than Industry averages which means there are limited underinsurance gap benefits for lump sum insurance.

However, as AustralianSuper offers a default Group Income Protection (IP) arrangement for most members, this leads to a higher proportion of its membership with IP cover (36%) compared to the other superannuation funds in the industry (24%).

Therefore, KPMG considers the main benefit of AustralianSuper's insurance arrangement is the better return to work (RTW) outcomes for members who are IP claimants with better and broader access to rehabilitation treatment, mental and wellbeing health support and impact of early intervention.

There are many supporting research papers that outline the benefits of rehabilitation, mental/wellbeing health support and impact of early intervention programs, for example:

- Deloitte estimates that 11% of IP insurance claimants who access rehabilitation treatment services are likely to return to work where they otherwise would not have. Their projection model estimates that 29,300 members return to work over a 40 year period[48].
- Swiss Re's Rehabilitation Watch identified that 42% of customers (IP/GSC) who received in-house rehabilitation returned to work, and 48% of customers (IP/GSC) who received external rehabilitation returned to work[49].

We have discussed with TAL, AustralianSuper's insurer, the actual rehabilitation programs offered to AustralianSuper members in order to assess and estimate the impact of the actual programs based on AustralianSuper's specific data.

Figure 8
AustralianSuper vs Industry – IP cover proportion

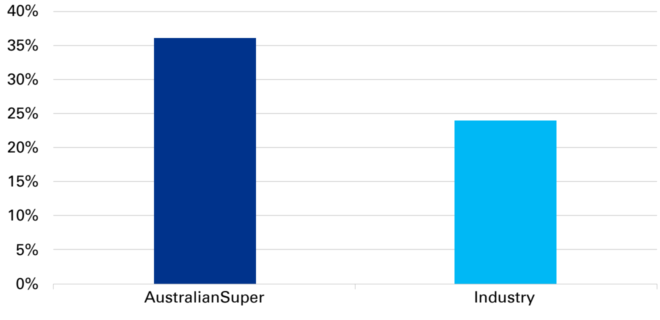
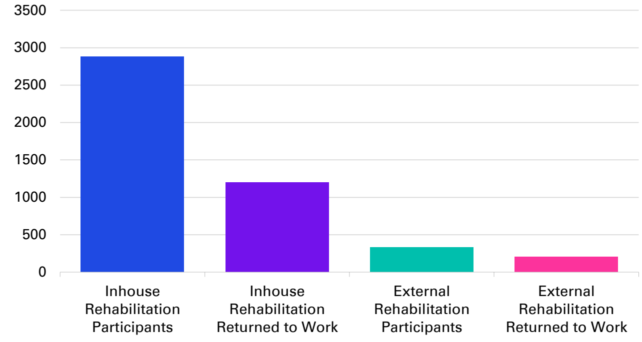


Figure 9
AustralianSuper rehabilitation return to work success



46 APRA, Annual MySuper statistics June 2021 - https://www.apra.gov.au/annual-mysuper-statistics

47 As at June 2021

48 Deloitte Access Economics, 'The future of insurance through superannuation'. 2022 https://www2.deloitte.com/content/dam/Deloitte/au/Documents/financial-services/deloitte-au-fs-future-insurance-through-superannuation-100622.pdf

49 Swiss Re, 'Rehabilitation Watch 2022 Australia', 2022. https://www.swissre.com/dam/jcr:1cf55111-099c-4f1f-bfb4-ed452402a40d/rehab-watch-australia-2022.pdf

Below is a summary of TAL rehabilitation framework/ program provided to AustralianSuper members, a range of services that aim to target member's needs including wellbeing and RTW outcomes. The top three external rehabilitation programs that were utilised are as follows:

- Initial Needs Assessment – this is a holistic assessment that considers the member's overall circumstances, individual needs; with the aim of developing a tailored rehabilitation program to support the member with both return to health/ return to work as appropriate.
- Career Coaching – this program aims to assist people explore and set appropriate vocational goals, review retraining needs, provide job search skills training.
- Pain Assist – this is a health coaching program that aims to equip people with education around managing pain. From there it may progress to a service geared at increasing function (exercise physiology)/vocational services to support return to work.

TAL also offered inhouse rehabilitation support staff who do not directly engage with members but assist the case manager to determine strategies to support return to health or work based on individual circumstances. TAL also oversee the plans of the external rehabilitation program providers and the costs associated with the programs, and approve funding for services and retraining.

TAL provided Return to Work (RTW) outcomes data for AustralianSuper members who completed the Rehabilitation program in 2021.

- 332 members completed the external rehabilitation program and 205 (which is more than 70%) of members RTW on a part time/full time basis.
- 2,881 members had inhouse rehabilitation involvement and 1,197 members RTW on a part time/full time basis.

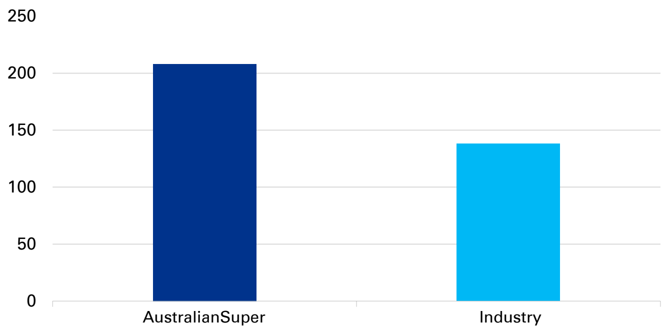
The RTW outcome for the external rehabilitation program is significantly higher than results from external research and our experience, but this could be due to only a small number of members completing the program during the COVID-19 period. We have made adjustments to allow for this in our modelling.

The RTW outcome for the inhouse rehabilitation program is more in line with Swiss Re's *Rehabilitation Watch* report. However, based on our experience we estimate a large proportion of these members would have returned to work without the inhouse rehabilitation support. This is especially the case for claims with durations less than 12 months. We have made an adjustment to allow for this in our modelling.

Using the RTW assumptions and AustralianSuper's claims data, KPMG estimate 487 members RTW on a full time/part time basis in a year (12% of claimants) which is equal to 208 FTE for AustralianSuper. This is in comparison to 138 FTE on average for the industry, which is calculated based on the higher proportion of insured IP members in AustralianSuper compared to Industry Averages and RTW outcomes based on AustralianSuper's claims data.

Therefore, the estimated additional RTW benefits for AustralianSuper compared to the industry average are an additional 70 FTE each year; equivalent to $3.2 million of extra income from RTW workers each year.

Figure 10
AustralianSuper RTW compared to Industry average



2.5
Projected growth of AustralianSuper by 2030

MEMBERSHIP GROWTH

A projection of the number of AustralianSuper members has been modelled, split by accumulation and retirement members. The model makes allowances for entrants into and exits out of the fund, as well as transitions of members from accumulation into retirement.

By June 2030, it is estimated that AustralianSuper will have approximately 4.1 million members. In the short-term, the strong growth seen in FY2022 is expected to continue and then the growth rate is expected to slow as AustralianSuper becomes a larger overall proportion of the market, resulting in a shrinking pool of acquirable members.

GROWTH IN MEMBER ASSETS

A projection of AustralianSuper's member assets has been modelled, similarly split by accumulation and retirement members.

The model considers contributions (both via the superannuation guarantee, as well as additional contributions from members, such as salary sacrificing), investment returns (net of fees and operating costs), and allowance for movements due to inflow/outflow of membership. The model also considers the movement of funds as members transition into retirement from accumulation, including an allowance for some capital withdrawal at point of retirement. The results are net of tax.

By June 2030, it is estimated that AustralianSuper will manage approximately $824 billion in member assets.

Figure 11
AustralianSuper Projected membership

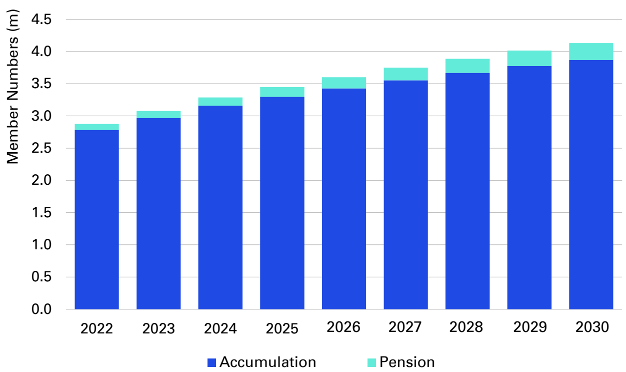
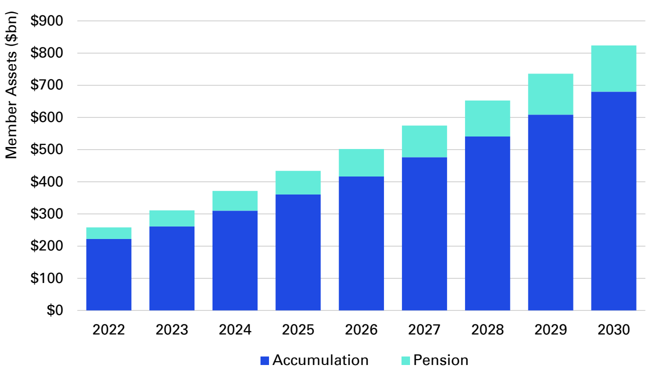


Figure 12
AustralianSuper projected member assets



03
AustralianSuper as a significant Australian Business

AustralianSuper makes a significant, measurable contribution to the Australian economy; employing workers, purchasing goods and services from other businesses and paying Australian taxes. AustralianSuper's operational activities alone are estimated to have directly and indirectly contributed $475 million to GDP and 2,300 full time equivalent jobs in FY2022. This section looks at the direct and indirect economic contribution of AustralianSuper as a business within the Australian economy.

3.1
Employees

AustralianSuper has been a growing employer. In the four years from 2018 to 2022 AustralianSuper's domestic workforce more than doubled, from 550 to 1,241[50], with 90% employed on a permanent basis. There are a further 64 employees across the international offices in London, New York and Beijing.

As of June 2022, with AustralianSuper's head office located in Melbourne, the majority of employees are located in Victoria. Nevertheless, they have employees and offices in all states and territories, giving AustralianSuper a national workforce footprint.

For FY2021, employee related expenses for AustralianSuper were in excess of $230 million. Of this, $58 million was paid as income tax on employee benefits, the remainder was employee wages and salaries.

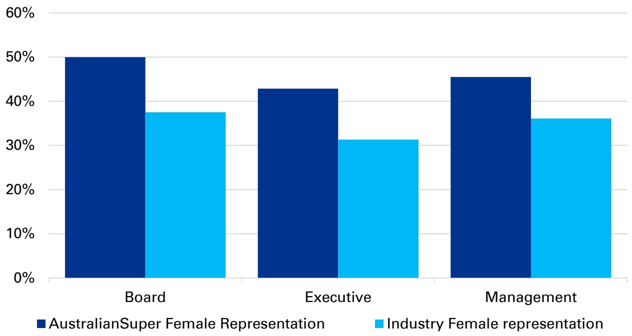
Figure 13
Percentage of employees by state

State	Employees by State (%)
NSW	8.5
QLD	1.7
VIC	87.3
TAS	0.2
SA	0.7
WA	1.4
NT	0.1

As an employer, AustralianSuper places a high value on workplace diversity, equity and inclusion. AustralianSuper has been named a Workplace Gender Equality Agency (WGEA) Employer of Choice for 11 consecutive years[51].

AustralianSuper has been a strong advocate of Board gender diversity for the companies that it holds shares in. AustralianSuper leads by its own example, with 50 percent female representation on its Board. Further, when looking across the management levels for the financial services industry, AustralianSuper has a significantly greater proportion of females in leadership positions relative to the financial services industry as a whole[52, 53], as shown in Figure 14.

Figure 14
Female representation in leadership positions: AustralianSuper compared to financial services industry



50 1,217 on a Full Time Equivalent basis

51 AustralianSuper Annual Report 2022

52 Women On Boards - Gender Diversity on Boards. https://www.womenonboards.net/en-au/resources/boardroom-diversity-index

53 Workplace Gender Equality Agency (WGEA) - Data Explorer https://data.wgea.gov.au/

3.2
Expenditure

As a business, AustralianSuper spends a significant amount in the Australian economy - directly as an employer paying wages and salaries, but also as a user of third party suppliers.

AustralianSuper's third party suppliers provide a range of goods and services, including administration, funds management, custodian and technology services.

EXPENDITURE BY AUSTRALIANSUPER

AustralianSuper relies on a number of external suppliers to provide a range of services to the ongoing business operations. The average annual spend on third party suppliers over the past three financial years has been approximately $700 million. Three sectors account for the bulk of this expenditure: administration and custody services, external fund management, and governance & professional services as shown in Figure 15.

AustralianSuper's spend on its suppliers spans vendors across all states of Australia, although the majority are recorded in NSW and Victoria, even though the service may be provided in a different state – see Figure 16. This is because the majority of large Financial and Professional Services businesses are headquartered in Sydney and Melbourne.

EMPLOYMENT COSTS

AustralianSuper contributes directly to the economy as an employer, paying over $230 million in staff related costs in financial year 2022. Other costs directly paid for in relation to employees include facilities management and communications costs. A summary of these direct contributions to the economy are shown in Figure 17[54].

Figure 15
Proportion of third party supplier expenditure by sector

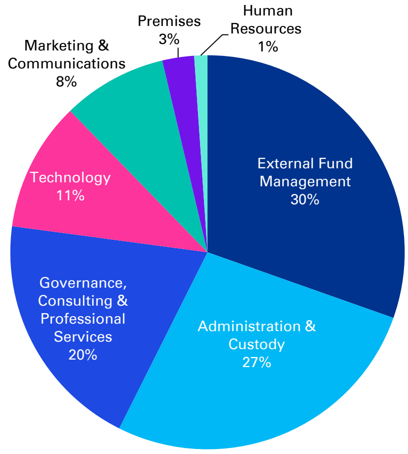


Figure 16
Proportion of third party spend by state ($m)

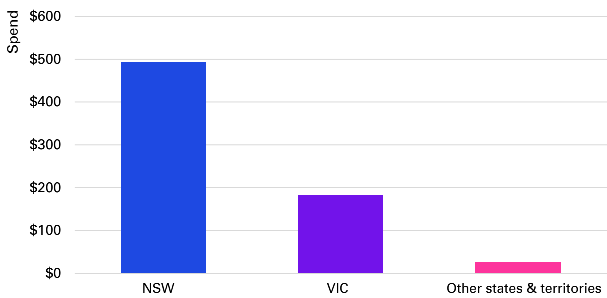
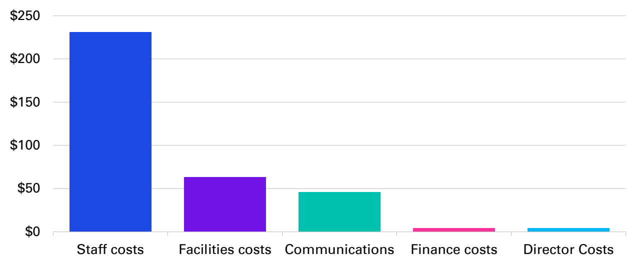


Figure 17
Proportion of employment expenditure FY2022 ($m)



54 AustralianSuper Pty Ltd Annual financial report - 30 June 2021

TAX PAID BY AUSTRALIANSUPER

Based on the ATO's Tax Transparency Report for 2021, AustralianSuper was one of Australia's largest taxpayers, paying approximately $3.17 billion of tax in Australia. The breakdown of Australian taxes paid[55] by the fund is shown below with the majority ($3.0bn) being tax on superannuation contributions and investment returns. The remaining tax payments include PAYG withholding taxes, GST & payroll taxes.

As the AustralianSuper assets under management are expected to more than double by the end of the decade (KPMG estimates that AustralianSuper assets under management will be in excess of $800 billion by 2030), AustralianSuper is estimated to remain one of the largest tax payers in Australia[56].

3.3
Contribution to the Australian economy

KPMG estimates that as a business AustralianSuper contributed about $475 million dollars to Australia's annual GDP in FY2022.

Further, this resulted in an estimated 2,300 FTE additional jobs across the economy, including those employed by AustralianSuper. This is discussed in more detail in section 5.1.

55 AustralianSuper Tax transparency report FY21.

56 We note that as a significant taxpayer AustralianSuper contributes revenues to government that fund the provision of public goods and service. However, from the perspective of the economy as a whole our analysis recognises that taxes are a transfer from one group in the economy to another.

04
AustralianSuper as a significant Investor in Australia

AustralianSuper's strategy and long-term investment return outperformance result in a series of economic bene its including stimulating economic activity by boosting National Savings, investing in Australian businesses, and using its deep pool of capital to invest in key infrastructure assets that drive productivity and growth.

As of 30 June 2022, AustralianSuper has $258 billion in member assets. About $130 billion of those assets are invested in Australia, with over $57 billion invested in Australian listed equity and over $20 billion invested in Australian infrastructure assets.

In this section we explore the contribution of AustralianSuper's investment approach and its size and scale to its long-term investment outperformance. This information provides context for the analysis of the economic contribution from AustralianSuper's investment activities in Section 5.

However, not all aspects of AustralianSuper's investment activities and its contribution to long-term outperformance or the Australian economy are quantifiable. Here, we also use case studies to provide additional context and tangible examples of the way that these factors might contribute to long-term performance and the wider economy.

4.1
Asset allocation

The asset allocation of the AustralianSuper portfolio as at June 2022 is outlined in Figure 18 below. Over 77% of the portfolio is invested in growth assets[57]. Of the allocation to growth assets, 31% is invested in unlisted assets.

Figure 18
AustralianSuper asset allocation June 2022

	Amount of funds invested ($bn)*	Percentage of fund assets invested
Australian listed equites	$57.7	22.33%
International listed equities	$71.5	27.67%
Private equity	$13.5	5.24%
Unlisted infrastructure	$35.1	13.61%
Listed Infrastructure	$1.9	0.76%
Unlisted property	$13.9	5.37%
Listed Property	$3.4	1.3%
Credit	$8.9	3.41%
Fixed Interest (Australia & Global)	$23.0	8.98%
Cash	$25.8	9.98%

**Additional assets include Socially Aware mandates, Indexed Diversi ied mandates, strategic assets and overlays valued at $3.4 billion*

57 Growth assets are generally assets that aim for capital growth. These assets have the potential for higher expected investment returns over the longer term, but they also tend to have higher investment risk and likelihood of their value rising and falling in the short term.

4.2
Contributions to investment performance

This section looks at the contribution AustralianSuper’s investment approach and scale makes to long-term outperformance and in turn contribute to the economy.

ACTIVE MANAGEMENT AND A LONG-TERM INVESTMENT APPROACH

AustralianSuper is an active investment manager who takes a long-term view when investing, consistent with its responsibility to manage members’ superannuation assets from the moment they start work until the end of their retirement.

As an active manager, AustralianSuper takes risk in order to enhance member’s returns. In the internal Australian Equities portfolio, this translates to a higher conviction investment strategy, where it makes meaningful investments in a relatively small number of companies that it believes will outperform over the longer term.

By taking this long-term view, AustralianSuper can invest in businesses that it believes will generate value over time and therefore provide strong long-term returns for members. Taking a long-term view enables AustralianSuper to stay invested through the ups and downs of economic and market cycles and not trade portfolio stocks when markets are fluctuating in order to meet shorter-term return objectives. Since inception in 2013, the internal Australian equity team has kept annual portfolio turnover in the range of 15 to 20 per cent. This portfolio data suggests that on average, AustralianSuper is holding companies in its portfolio for five years or longer[66].

This long-term focus can give confidence to investee companies that they can plan and invest for the future and grow in a sustainable way, consistent with their business strategies.

AustralianSuper’s investment in CSL is an example of the Fund’s long-term investment approach **(see CSL case study)**. CSL has not only delivered attractive long-term returns to members, but they also demonstrate the broader economic benefit derived from the investment in these businesses through jobs, productivity and innovation.

66 Portfolio data supplied by AustralianSuper.

The CSL Experience
Supporting quality Australian companies to become global leaders

CSL is one of the largest global biotech companies, manufacturing medicines and vaccines here in Australia for distribution around the world. AustralianSuper has been a long time investor in CSL, with a deep understanding of its business model and future growth strategy. As a result, AustralianSuper has tripled its investment in CSL over the last 10 years, and was a significant investor in its 2021 capital raising to acquire Vifor Pharma.

AN AUSTRALIAN MANUFACTURING SUCCESS STORY

CSL is a global leader in developing and manufacturing medicines and vaccines. Established by the Australian Government after WWI, CSL has played a major role in the lives of Australians for over 100 years.

Since listing on the ASX in the 1990s, CSL has grown to become one of Australia's biggest global success stories and one of the world's largest providers of influenza vaccines. During the COVID-19 pandemic, CSL scaled up quickly to manufacture the AstraZeneca COVID-19 vaccine for Australia and the Asia Pacific region.

CSL continually invests in innovative manufacturing and R&D facilities globally to grow and maintain its leadership position. In December 2022, it opened a new $900 million state-of-the-art plasma manufacturing facility in Melbourne, the largest of its kind in the Southern Hemisphere.

This is part of a $2 billion-plus capital investment program CSL currently has underway in Australia. It includes a next generation influenza vaccine manufacturing plant in Tullamarine and CSL's new global headquarters in the heart of Melbourne's biomedical precinct, which also houses Australia's first and only co-located biotech incubator.

ESTABLISHED in 1916
ASX Listed in 1994

LOCATION:
Headquartered in Melbourne, Operations in 40+ countries

EMPLOYEES:
30,000+

MISSION:
To discover, develop, and deliver innovative therapies that improve patients' quality of life

INDUSTRY:
Biotechnology, laboratory and medical products (plasma, antivenom, vaccines)

AUSTRALIANSUPER'S OWNERSHIP:
as at 30/11/22 approximately 2.8%

> "AustralianSuper has been an important investor in CSL's growth and success over the past two decades, as we have grown to become the third largest biotech company in the world and a major global vaccine producer.
>
> Having a large and stable investor partner with a long-term view has made a huge difference. The AustralianSuper team have taken the time to get to know our business and understand our strategy, which has helped us to expand globally and undertake strategic acquisitions more easily, and invest efficiently in innovation and R&D.
>
> **Paul Perreault, CSL CEO**

A LONG-TERM INVESTMENT FOCUS

AustralianSuper has invested in CSL since its establishment as a superannuation fund in 2006.

As AustralianSuper's internal investment capability and portfolio has grown, it has steadily grown its investment holdings in CSL, with the Fund's proportionate investment in CSL almost tripling between 2013 to late 2022.

As a highly cash-generative business, CSL has raised capital only once since the Fund's internalisation of its investment capability commenced. AustralianSuper was a significant participant in that capital raising, which funded the acquisition of Vifor Pharma in December 2021.

AustralianSuper's investment philosophy is founded on building a deep understanding of a company's business and strategy, which enables the team to have high conviction in its investments and engage quickly and confidently with companies seeking support for new strategies and investments.

Global Leader

CSL is one of the world's largest providers of influenza vaccines, manufactures the AstraZeneca COVID vaccine and is the world's largest plasma collection company

30,000 EMPLOYEES

CSL employs more than 30,000 employees worldwide, with Melbourne Headquarters

Forty

CSL has operations in more than 40 countries around the world

AustralianSuper as a long-term investment partner and provider of capital

$5 billion capital provided to Australian companies since 2013

Since the growth of the internal investment capability in 2013, AustralianSuper has supported a range of Australian companies seeking capital to grow

$2.7 billion of this capital was provided during COVID-19, with AustralianSuper participating in 78 equity raisings between March 2020 and May 2022, helping companies navigate and manage volatility

INTERNALISED INVESTMENT MANAGEMENT

AustralianSuper has been building its internal investment management capability since 2013, with 53% of the portfolio managed by internal teams as at June 2022. AustralianSuper has offices in Australia as well as Beijing, London and as of recently, New York. This global model enables the Fund to invest at lower cost, with greater insights and skill and enables greater portfolio oversight and an ability to make and implement investment decisions more quickly.

Where a fund has the expertise as well as scale and resources to internally manage investments, there are cost savings achievable in comparison to external management of the portfolio. Fund managers charge management and performance fees to their clients, fees which are deducted from the return received by members. The cost savings achieved by AustralianSuper through their internalisation program of investment management are substantial – in FY2022 the cost saving is estimated to be valued at over $300 million[67] and since internalisation commenced in 2013, the cost saving is estimated to be valued at over $1 billion[68].

Further advantages of the insourcing of investment management on the scale of AustralianSuper include:

- Enabling the investment teams to develop deep insights about the businesses and assets that they invest in as well as identify new opportunities.
- The ability to exercise greater influence, including through governance rights. This allows AustralianSuper to actively engage with the companies they invest in on the principles that they believe drive long-term value creation.
- The ability to re-invest in successful projects where AustralianSuper already holds an interest in that business or asset. Re-investing directly in a company or asset where due diligence has already been completed is generally a lower cost proposition than investing in a new project or using a fund manager.
- Enhanced ability to oversight the portfolio and make and implement investment decisions.

67 AustralianSuper as at 30 June 2022. The cost saving is based on reduced investment costs and improved portfolio efficiencies.
68 AustralianSuper as at 30 June 2022.

ACCESSING LARGE SCALE INVESTMENT OPPORTUNITIES

According to APRA data[69], in FY2021 AustralianSuper received 'Net members' benefit flows' (not including investment returns) of $14.7 billion, $2.5 billion more than the next highest receipts by a super fund. The 'Net members' benefit flows' were up to $35.5 billion for FY2022. This, along with the fact that almost 97% of members are in accumulation phase with an average age of 42, allows AustralianSuper to make large long-term investments.

AustralianSuper's approach to asset allocation is dynamic. Given the scale of annual inflows relative to many other funds, AustralianSuper can acquire an asset, even if it tips the allocation into a short-term 'overweight' position, knowing that the inflows into the Fund will naturally enable the Fund to rebalance this position from 'overweight' to a more 'neutral' position. This allows AustralianSuper the ability to make timely, larger scale investments without having to sell other assets to meet overall asset allocation objectives.

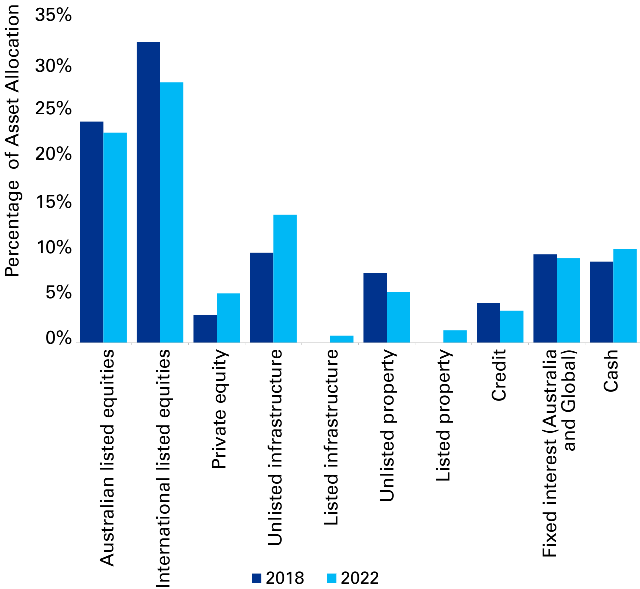
AustralianSuper was an early direct investor in infrastructure assets, including assets in the transport, digital infrastructure and energy sectors.

As many infrastructure projects are very large in scale, smaller funds or funds with smaller inflows are not able to meaningfully invest in such assets without either impacting the diversification of their portfolio or relying on using higher-cost investment managers to gain exposure to such assets. AustralianSuper, however, has the size and positive cash inflows, to take meaningful direct positions (and enjoying the benefits of direct ownership) in large assets without impacting the long-term asset allocation of the overall portfolio.

AustralianSuper's internal investment capability and capacity to directly invest mean that it has a deep understanding of the sectors and assets in which it invests, and is able to act as an informed and engaged asset owner. This allows AustralianSuper to engage deeply in understanding new opportunities and undertaking due diligence on those opportunities as they arise as well as stewarding the investments they own. This structure enables AustralianSuper to lower the overall cost of managing and investing in infrastructure assets and maximising the net return opportunities for members.

AustralianSuper's approach in recent years has been to take advantage of these competitive advantages, especially with regards to unlisted infrastructure and private equity. Between 2018 and 2022, the Fund has increased its exposure to infrastructure from less than 10% to more than 14%.

Figure 19: AustralianSuper Asset allocation – 2018 to 2022



69 APRA - Annual fund-level superannuation statistics. https://www.apra.gov.au/annual-fund-level-superannuation-statistics

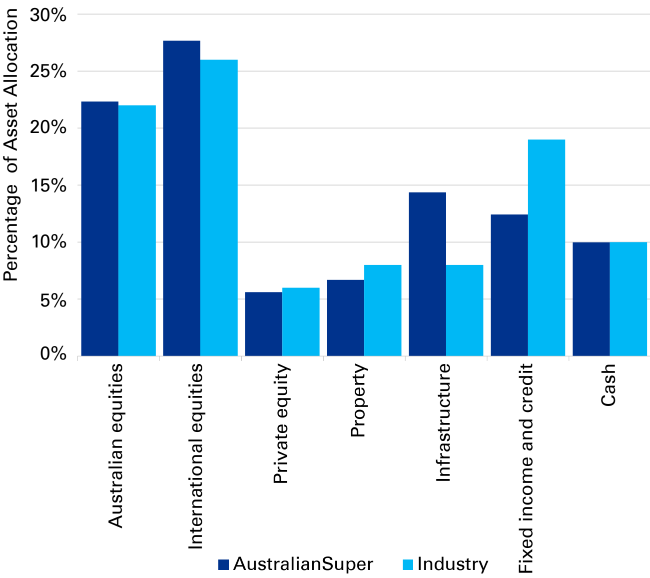
AustralianSuper's unlisted infrastructure portfolio was valued at $35.1 billion as at 30 June 2022. Of the $20 billion invested in Australian unlisted infrastructure, about 70% is owned directly, while the other 30% is owned through holdings with other managers.

AustralianSuper has also used its increasing scale to invest in assets where the Fund can hold large portions of private companies and assets, and play an active management role and influence the direction of the business via board positions and voting rights. AustralianSuper's investment in digital infrastructure through the company Indara demonstrates the role of active ownership in driving long-term value-creation, with benefits for the portfolio company and the community **(see Indara case study)**.

Many of the attributes discussed above, in relation to infrastructure investments, apply analogously to other part of the AustralianSuper portfolio. The active approach to managing investments, the ability to access a broad range of internal resources and AustralianSuper's market presence all combine to support investments in unlisted private market assets.

As shown below, AustralianSuper's allocation to infrastructure assets is almost double that of the super industry.

Figure 20
Asset allocation comparison - AustralianSuper and Industry[70]



70 Industry Asset Allocation sourced from Australian Superannuation Funds Association (ASFA) – August 2022 superannuation statistics. https://www.superannuation. asn.au/ArticleDocuments/402/Superannuation%20Statistics%20August%202022v2. pdf.aspx?Embed=Y.

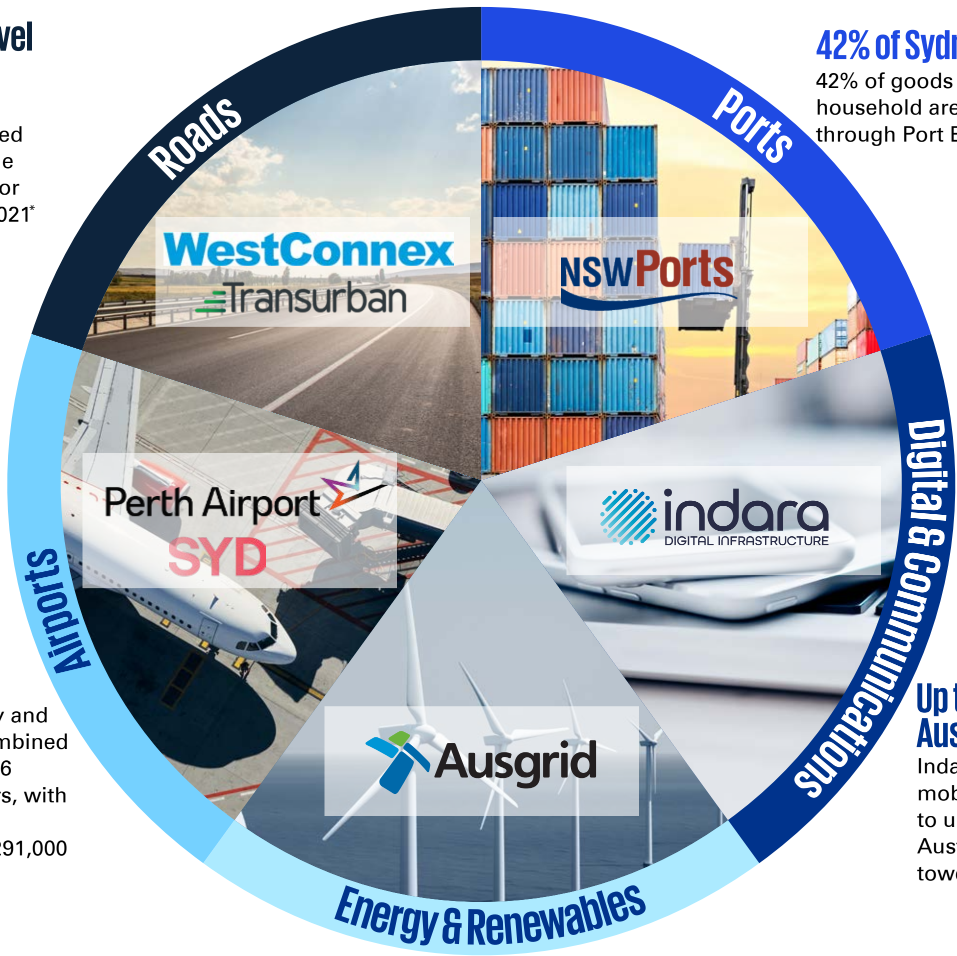
AustralianSuper's key Direct Infrastructure holdings in Australia

AustralianSuper is a significant investor in Australia's infrastructure, with $20 billion invested. 70% of this is through direct investment.

These investments have a significant impact on Australians' everyday lives; including facilitating travel, energy, goods transport and digital infrastructure supporting remote working, education, government, healthcare, communications and entertainment.

17% Freight Travel Time Saving

Sydney's toll road network is estimated to have reduced the average trip time for trucks by 17% in 2021*



42% of Sydney's Goods

42% of goods in a Sydney household are imported through Port Botany^^

1,140 Flights per day

In FY2019, Sydney and Perth Airports combined to fly more than 56 million passengers, with 415,000 aircraft movements and 291,000 tons of exported airfreight**

Up to 23 million Australians

Indara's network provides mobile and data coverage to up to 23 million Australians, via 4,400+ towers and rooftop assets#

4 million Consumers

4 million Australians rely on Ausgrid to distribute their electricity in NSW. Ausgrid's network powers almost 1.8 million homes and businesses, 1,328 schools, and 65 hospitals. It powers 20% of Australia's GDP^.

* KPMG, Economic contribution of Sydney's toll roads; Report prepared for Transurban Limited, 2021

^ Ausgrid, FY22 Sustainability Report, 2022

Indara

** The Bureau of Infrastructure and Transport Research Economics (BITRE), Airport Traffic Data 1985-86 to 2021-22

^^ NSW Ports, 2022 Sustainability Strategy

The Indara Experience
Taking a long view on infrastructure investment to support and enable Australia's digital future

AustralianSuper, in partnership with Singtel, has created Indara, through the acquisition of Australia Tower Network (ATN) (2021), Axicom (2022), and ENE.HUB & HUB (2022). Indara is now the largest independent mobile tower and small cell operator in Australia, owning and operating digital infrastructure, building and tower assets for mobile and data networks throughout the country.

INFRASTRUCTURE TO ENABLE AUSTRALIA'S DIGITAL FUTURE

Indara is Australia's leading independent owner and operator of digital infrastructure for mobile and wireless data telecommunication networks. With a portfolio of ~4,400 tower, rooftop, and small cell/'smart pole' sites across Australia, as well as several hundred new sites under construction, Indara's mission is to accelerate a sustainable digital future for all Australians.

Digital infrastructure is a critical part of Australia's future. Digital infrastructure assets such as Indara's 'mobile phone' towers are the foundation of Australia's economic productivity, supporting countless industries, connecting communities and improving the quality of life for millions of Australians.

Mobile and data connectivity is essential to remote working, education, government, healthcare, communications, consumer entertainment, manufacturing and supporting first responders in emergency situations. The productivity benefit of 5G is estimated to increase Australia's GDP by $67 billion by 2030*. Without digital infrastructure, 5G, Internet of Things (IoT), edge computing, cloud services, and smart cities and precincts would not be possible.

As Australian businesses, governments and consumers continue to demand more connectivity, capacity, resilience, and innovation, digital infrastructure providers require capital and long-term investment partners to enable Australia's digital future.

** 5G Unleashed: Realising the potential of the next generation of mobile technology, Deloitte Access Economics, 2022*

ESTABLISHED in 2022
Merger of ATN & Axicom

LOCATION:
Headquartered in Sydney, operates more than 4,400 tower sites in all Australian states and territories

EMPLOYEES:
Approximately 250 across all Australian states and territories

VISION:
To accelerate a digitalised future for our communities

AUSTRALIANSUPER'S OWNERSHIP:
as at 31/12/22 more than 80%

> Within 18 months, AustralianSuper invested a significant amount of additional capital into the business, to fast-track growth and enable an ambitious strategy.
>
> It's clear that AustralianSuper also understands the long-term vision we have for the company, and understands the benefits a large and efficient digital infrastructure provider can deliver to Australian businesses and communities.
>
> **Cameron Evans, Indara CEO**

UNLOCKING LONG-TERM VALUE AS AN ACTIVE ASSET OWNER

AustralianSuper is playing an active role supporting Indara's management team in building a sustainable business platform, delivering on its business plan, strengthening the business' competitive advantages, and unlocking growth opportunities.

As a long-term investor and direct owner, AustralianSuper has facilitated major capital expenditure decisions to invest in long-term value creation for Indara.

In the past year, Indara has achieved many milestones with the support of AustralianSuper as an investment partner, including:

- Completed the strategic acquisition of ENE.HUB and HUB, small cells and smart cities businesses. ENE.HUB and HUB's digital infrastructure and services solutions are used by local councils across Australia to create more liveable cities – helping communities stay connected, and monitoring data on the environment, transport and safety.
- Commenced a major, multi-year programme to build, own, and operate over 700 new wireless telecommunication tower and rooftop sites across Australia to support the 5G network rollout by mobile network operators such as Optus and TPG.
- Achieved business integration milestones, including the establishment of Indara's growth and diversification strategy following the merger of ATN and Axicom.

~4,400 **Infrastructure Network Assets**

Providing mobile and wireless coverage, across all states and territories, to up to 98% of Australia's population

23M Australians

Are located within 5kms of an Indara asset and benefit from Indara's network and services

20% New Tower Assets

Forecast to be constructed in the coming decade, adding to the connectivity and resilience of Australia's digital infrastructure

AustralianSuper has over $37 billion invested in unlisted infrastructure assets - $20 billion of that is invested in Australia

Between 2018 and 2022, AustralianSuper has increased its exposure to infrastructure from less than 10% to more than 14% of member assets

SUPPORTING AUSTRALIAN BUSINESSES TO GROW

AustralianSuper's scale and liquidity affords it the option to participate in the capital raising activities of Australian businesses, adding liquidity to Australia's capital markets and potentially contributing to a lower cost of capital, whilst delivering strong returns for members.

AustralianSuper is now considered one of the largest providers of capital to ASX listed companies. AustralianSuper participates in capital raisings and has the capacity to act as sub-underwriters to capital raising.

Over the last two years AustralianSuper has supported more than 80 Australian companies with approximately $2.7 billion in new equity[71]. These companies include some of Australia's largest business and household brands that together, employ hundreds of thousands of Australians. Since 2013, the Fund has supported ASX listed companies to raise over $5 billion in new equity. The **CSL** and **Calix** case studies are just two examples where AustralianSuper has been a provider of capital as part of placements to assist with growth and expansion opportunities.

A lower cost of capital makes it more attractive for Australian businesses to make investments in new capacity and new activities. This stimulates growth and productivity, which yields higher incomes for Australians in the future. Although we cannot observe how much AustralianSuper has contributed to lowering the cost of capital in Australia, we can infer that it has contributed to increasing National Savings and that, other things equal, an increase in National Savings reduces the cost of capital.

As a large investor, AustralianSuper also has the capability to act as a sub-underwriter of the capital raising activity of ASX listed companies. This entails essentially guaranteeing that a specific amount sought by the company will be raised, in exchange for the receipt of a fee. For example, if a company is raising a fully underwritten $50 million entitlement offer, but only receives $45 million in subscriptions, AustralianSuper as underwriter would subscribe and purchase the outstanding $5 million shares offered. If the offer is fully subscribed (e.g. $50 million is received for a $50 million offer) then AustralianSuper would not be required to subscribe for any shares and would still receive a fee for taking on the risk during the offer.

AustralianSuper has participated in $3.5 billion in sub-underwriting activities over 65 transactions since 2013[72].

71 AustralianSuper FY2022 Annual Report.

72 Korporaal, G. 'Industry super funds pitch merits of unlisted investments'. Investment Magazine, 24 August 2022.

SUPPORTING INNOVATION

AustralianSuper applies its long-term investment approach to smaller, emerging companies who may find it challenging to attract long-term stable capital.

Established in 2018, the AustralianSuper Emerging Companies Portfolio helps to identify and invest early in companies who have a clear long-term business strategy and would benefit from investors with a deep understanding of their business and strategy and can provide access to capital to grow and scale their businesses to deliver attractive investment returns over the long-term.

AustralianSuper's investment in Calix provides an example of how taking a long-term view can allow investment in promising emerging companies **(see Calix case study)**.

To date, AustralianSuper has committed to invest more than $2 billion[73] to support emerging industries and promising Australian companies. This includes:

- A commitment of over $1 billion to Australian venture capital funds that invest in promising Australian early stage companies.
- Creation of the Emerging Companies Portfolio, managed by a dedicated in-house investment team focused on identifying and investing in small and/or early stage ASX listed companies to support their growth plans. Approximately $457 million has been invested to date in this portfolio.
- An investment in Assemble Communities and two of its projects. Assemble Communities is a start-up housing provider that provides a pathway to home ownership, to help fast-track the development of housing projects in Australia's cities, utilising a range of rent-to-buy ownership structures.

73 AustralianSuper FY2022 Annual Report.

The Calix Experience
Helping New, Innovative Australian businesses Grow

Since 2018 AustralianSuper has been an investor in Calix Limited, a young Australian environmental technology company based in regional Victoria. Calix was started in 2005, with the business being built around their innovative kiln technology and its application across a multitude of industries to help solve a range of environmental issues. AustralianSuper is now the largest shareholder in Calix, demonstrating AustralianSuper's conviction in Calix's long term value.

REDUCING EMISSIONS THROUGH INNOVATION

Established in 2005, Calix has reinvented kiln technology and has a unique solution to address environmental issues across a multitude of hard-to-abate industries, including agriculture, mining & mineral processing, chemical processing and cement manufacturing.

In cement and lime manufacturing, Calix's technology can enable the lowest capture cost for unavoidable 'process emissions' that are released directly from limestone, as well as the ability to provide the necessary heat by using renewable electricity or biomass. The technology is also being developed to produce 'green iron', by processing lower value iron ore fines at low temperatures and with low hydrogen consumption.

Cement manufacturing and steel production emit around 8% and 7% of global CO^2 emissions respectively, so efficient CO^2 mitigation technologies have both large market opportunities and potentially large environmental benefits.

Development and commercialisation of these technologies has been undertaken with key industry partners and has been supported by Calix's investors. In cement manufacturing, a significant global licensing agreement has now been signed, with more in the pipeline.

FOUNDED in 2005
ASX Listed in 2018

LOCATION:
Headquartered in Sydney, NSW
Manufacturing based in Bacchus Marsh, Victoria, with operations in 7 countries

EMPLOYEES:
50 - 100

VISION:
To become a leading global innovator of industrial solutions for the environment

KEY PRODUCTS:
CO^2 mitigation, sustainable processing, advanced batteries, biotech, and water technology

AUSTRALIANSUPER'S INVESTMENT:
$43 million since 2018

AUSTRALIANSUPER'S OWNERSHIP:
as at 30/11/22 more than 10%

AN EARLY INVESTOR AND PROVIDER OF GROWTH CAPITAL

AustralianSuper has invested a total of $43 million in Calix since 2018, becoming a significant investor since growing its internal equities investing capability, and launching its Emerging Companies strategy. This investment includes direct contributions to each of Calix's three capital raisings between 2019 and late 2022.

Since Calix was established in 2005, it has invested over $120 million to develop and commercialise its technology. Its recent capital raisings as a listed company have enabled Calix to:

- make a strategic acquisition in the US.
- increase its plant and lab capacity and to hire additional headcount.
- accelerate the commercialisation of its cement decarbonisation technology and to pursue 'sustainable processing' opportunities including green iron.

All together, this investment has assisted Calix operations increase scale to four continents, with products distributed across the globe.

> We are a company from Bacchus Marsh with global ambitions for our decarbonisation technology for some of the world's largest industries including iron ore, cement and lithium.
>
> AustralianSuper really 'gets' our business, and has proven to be a true capital partner over the years. Having a savvy and supportive shareholder gives us more confidence to raise funds in the market, and more importantly it means we can focus on our business and what we do best - solving the global challenges we face in climate, energy, food and water, with an Australian, home-grown technology.

Phil Hodgson, Calix CEO

EnviroTech Leader

Calix is innovating in areas such as CO^2 mitigation, sustainable processing, advanced batteries, biotech, and water technology

>85 EMPLOYEES

Calix has over 85 employees, with operations in 7 countries

12 GRANT-FUNDED PROJECTS

Calix has 12 grant funded projects, partnering with the Australian Govenement on a range of environmental engagements

AustralianSuper supporting emerging companies

$2 billion committed to emerging Australian companies and industries to facilitate investment in early and growth stage Australian companies, listed and unlisted. This includes:

- **$497 million** Invested in Australian small to medium enterprises
- **$500 million** Invested in high-growth unlisted start-ups through investment in and alongside Australian venture capital funds


OVERSIZE
CASE IH

05
Economic Benefits of AustralianSuper

An economic impact assessment estimates the changes that can take place in an economy due to some existing or proposed 'action'. In this case, the existing action is the operations of AustralianSuper.

The economic impact of AustralianSuper can be conceptualised with reference to a counterfactual scenario that estimates how the size and structure of the economy would look in the absence of AustralianSuper. For example, we could take history as the baseline scenario, observing the size and structure of the economy with AustralianSuper operating. The counterfactual scenario would then model how different the size and structure of the economy would have been in history if AustralianSuper had not existed. The economic contribution of AustralianSuper could then be estimated to be the difference between the size and structure of the economy in the counterfactual scenario and what actually happened in history[74].

There are two dimensions to the counterfactual scenario:

- the narrow economic contribution from the activity required to operate AustralianSuper on a day-to-day basis; and
- the broader economic contribution emanating from AustralianSuper's investment activities that provide capital for businesses and generate retirement incomes for their members.

While AustralianSuper's narrow and broad economic contributions are presented as distinct concepts, in reality the two are intricately linked. The operations of the business are based on the skilled professionals that make up AustralianSuper's workforce and on the systems, processes and intellectual property that have been developed over time. The broader economic contributions that AustralianSuper has made to the economy have enabled AustralianSuper to achieve the scale and sophistication of operations that it now enjoys.

The following sections consider the narrow and broad economic contributions separately. The results are not presented as a single metric of AustralianSuper's economic contribution. Rather, AustralianSuper's economic contribution is analysed from a range of perspectives, recognising that there is no unique way to measure this contribution.

74 A forward-looking version of this analysis would consist of developing a baseline scenario that projects into the future how the size and structure of the economy will evolve in the business as usual case where AustralianSuper continues to grow and serve its members. The counterfactual scenario would then estimate how different the future would look if AustralianSuper ceased to exist.

5.1
Narrow economic contributions

Factor incomes make up over 90% of Australia's GDP. Factor incomes are made up of compensation to employees, gross operating surpluses and gross mixed incomes[75]. As a profit-for-member entity, AustralianSuper's direct contribution to GDP will consist mainly of the compensation it pays its workers. However, even if AustralianSuper is considered in the context of a standard business that uses inputs and generates discrete services that are sold in the market, its direct contribution to GDP is not particularly informative.

The incomes that AustralianSuper pays its employees, which are directly captured as part of GDP, will support activity in other parts of the economy when it is spent on goods and services. Similarly, AustralianSuper supports business activity and employment thorough its purchases of goods and services from businesses in its supply chain (e.g., external fund managers, provider of administration and custody services, technology providers etc).

There is no unique way to model the direct and indirect economic impact of AustralianSuper's operations. A conceptually convenient approach is to assume that the entire AustralianSuper operation relocates overseas, including all the workers and their families. In this hypothetical scenario AustralianSuper continues to provide services to its Australian members but all its operations are located overseas, including its workforce and suppliers.

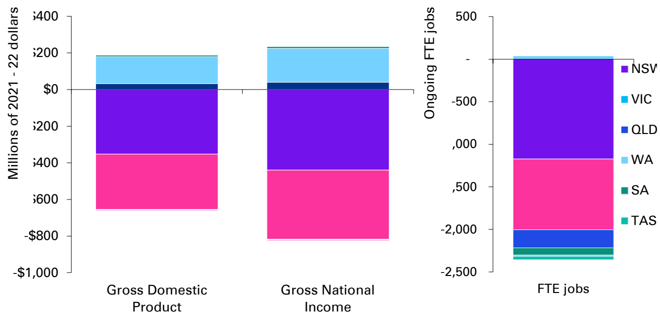
The hypothetical scenario where AustralianSuper's operations are relocated overseas is simulated for FY2022 using KPMG-CGE, a proprietary computable general equilibrium model of the Australian economy. In this scenario Australia's GDP is estimated to be about $475 million dollars less in real terms in FY2022 relative to the BAU scenario, which in this case is history where AustralianSuper was an important part of the Australian economy. Relative to the BAU scenario, it is estimated that there would be about 2,300 fewer FTE jobs in the hypothetical scenario.

A more convenient way to interpret the simulation results is that in FY2022 AustralianSuper's operations alone contributed about $475 million to Australia's GDP and about 2,300 FTE jobs. AustralianSuper's operations contributed almost $600 million to Australia's Gross National Income (GNI), which is a better indicator of economic welfare than GDP[76].

As evident in Figure 22, the Finance industry's value added is most adversely impacted by the shifting of AustralianSuper's operations overseas. The distribution of AustralianSuper's economic contribution across Australia is heavily skewed towards Victoria, where most of the operations are conducted, and New South Wales, where most of AustralianSuper's third party suppliers are located.

In the hypothetical scenario, AustralianSuper's absence from the economy benefits the Mining industry and, to a lesser extent, the Manufacturing industry. Put another way, AustralianSuper's presence in the economy absorbs resources, particularly labour, from other parts of the economy. Cost-sensitive, trade-exposed industries such as Mining are less able to compete for scarce resources. This is a good thing for the economy as AustralianSuper's presence directly and indirectly generates higher paying jobs.

Figure 21
Impact of shifting AustralianSuper's operations overseas, average annual impact



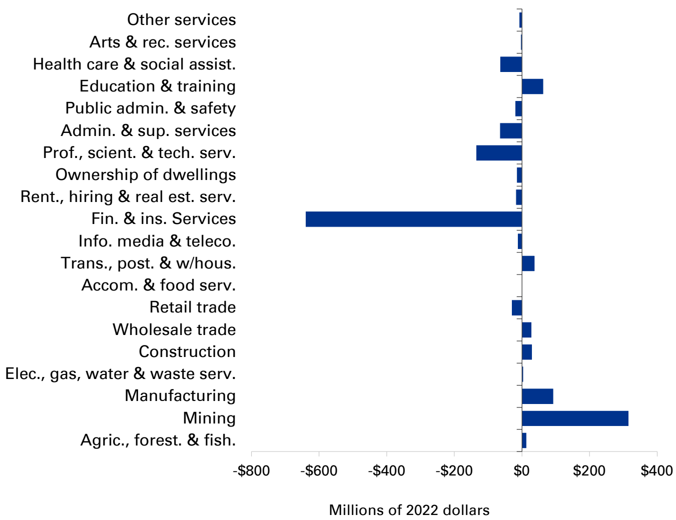
75 The remainder of GDP is accounted for by net taxes on production and imports. Formally, GDP = compensation of employees + gross operating surplus + gross mixed income – net taxes on production and imports.

76 GDP measure the amount of goods and services produced in Australia in a year while GNI measures how much of that production accrues to domestic residents and how much accrues to foreigners (e.g. to cover the payment of dividends and other income to foreigners that own assets in Australia).

Over the next 30 years, this direct and indirect contribution is estimated to be in the order of $700 million in average annual GDP and 2,800 ongoing FTE jobs.

Focusing on the economic contribution of AustralianSuper's day-to-day operations is instructive but misses the important contribution that AustralianSuper makes to the economy through its investment decisions. AustralianSuper's role in the economy is to provide its members with an income stream during their retirement. It does this by collecting savings from its members when they are working, investing these funds on behalf of members and then making them available to members upon retirement. In this process AustralianSuper contributes to allocating capital to its most efficient use and to facilitating the optimal trade-off between consumption and savings.

Figure 22
Industry value added impacts of shifting AustralianSuper's operations overseas, FY2022



Allocating capital efficiently ensures that for a given amount of investment the risk-adjusted returns are maximised. That is, savings are allocated efficiently to businesses that have the best prospects for growing and generating income in the future by supporting the highest value-adding activities and the highest paying jobs.

Facilitating an optimal trade-off between consumption and savings means that people save enough each period to meet their future needs, including to finance their retirement. If people do not save enough then the economy will grow less rapidly, which reduces the amount of consumption that can be supported in the future, or become more reliant on foreign savings, which also reduces the amount of consumption that can be supported in the future because the returns on investments supported by foreign savings accrue to foreigners.

5.2
Broad economic contributions

The value that AustralianSuper provides its members is an expected income stream or lump sum payment (jointly, the benefit payment) on retirement that is superior to what they expect could be obtained from alternative channels. In this context "superior" has two dimensions. The first relates to the expected size of the benefit payment in terms of its purchasing power. The second dimension relates to the likelihood that realised benefit payments will be materially different to those expected[77].

Members make plans about when to retire and about what type of lifestyle they can support in retirement on the basis of the benefit payments they expect to receive, taking into account the risks that the actual benefits they receive may be lower (or higher). Investments that have volatile returns may not be attractive to members, even if the expected returns are very high, because they may not want to bear the risk that at the time of planned retirement the benefit payments may be much lower than expected, necessitating a delay in retiring and/or acceptance of a more austere lifestyle.

AustralianSuper provides investment options designed to suit the circumstances and preferences of their members in terms of the trade-off between risk and return. AustralianSuper's broader economic contribution boils down to how well they help their members meet their retirement objectives. This can be viewed through two different, but related, lenses.

Firstly, we can look at AustralianSuper's contribution to the economy from **the value they generate for members through investment outperformance.** Under this approach the value members get from their savings managed by AustralianSuper is estimated relative to how much they would get from an alternative investment (e.g., an alternative superannuation fund). This performance differential can be used as an indicator of AustralianSuper's unique contribution to the broader economy. That is, it is a contribution that would be lost to the economy if AustralianSuper did not exist. AustralianSuper outperforms because its investment decisions result in a more efficient allocation of capital across the economy. As explained earlier a more efficient allocation of capital in the economy generates greater income because capital is allocated to businesses that support higher value-adding activities and higher paying jobs. This can be thought of as an efficiency dividend for the economy. **AustralianSuper members capture some of the efficiency dividend in the form of higher returns on their retirement savings and, indirectly, through access to higher paying jobs** that the economy can now support. Some of the efficiency dividend spills over to the broader economy with more profitable businesses supporting higher incomes for their workers and owners.

The second lens looks at **AustralianSuper's contribution to the economy through higher National Savings.** Increased savings have the potential to reduce the cost of capital for Australian businesses, which will stimulate investment and growth. Even if AustralianSuper's performance was not significantly different from that of the average superannuation fund it would still be contributing to National Savings. It should be noted that AustralianSuper's contribution to National Savings is likely to be related to its investment performance. Good investment performance will encourage savings directly by making the trade-off between current consumption and future consumption more attractive. Similarly, good investment performance will reflect a more efficient allocation of capital across the economy. This will stimulate growth and productivity in the economy supporting more jobs and higher incomes.

77 Formally, the potential distribution of benefit payment outcomes.

CONTRIBUTION THROUGH OUTPERFORMANCE

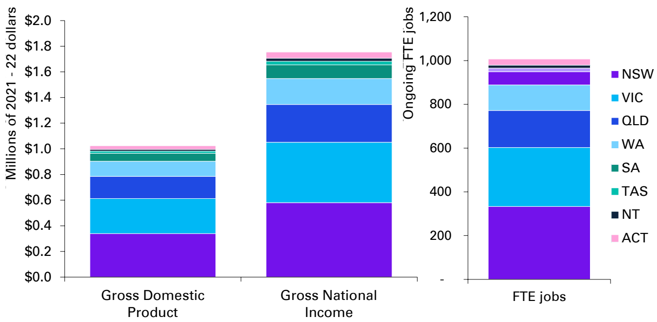
To illustrate the potential impact of AustralianSuper's outperformance on the economy, a hypothetical scenario is considered where AustralianSuper's investment performance reverts to the performance of a typical competitor superannuation fund, which is assumed to be 50 basis points lower per annum on a net risk-adjusted basis (see Box 1 for context). One way to conceptualise this is to assume that AustralianSuper's assets are transferred to competitor superannuation funds. In the business-as-usual scenario AustralianSuper is assumed to outperform the typical competitor superannuation fund by a risk-adjusted 50 basis points on average every year, and the counterfactual scenario is that AustralianSuper's performance reverts to that of the typical competitor superannuation fund.

On an asset base of about $255 billion, as at June 30 2022, a 50 basis point reduction in net returns would be equivalent to a reduction in income of about $1.3 billion. KPMG-CGE has been used to estimate the direct and indirect impacts on the economy in FY2022 of reduced investment income equivalent to 50 basis points of AustralianSuper's asset base. The underperformance is modelled as a less efficient allocation of resources, designed to reflect less skilful investment decisions[78]. Underperformance of 50 basis points on the AustralianSuper asset base is estimated to reduce GDP in FY2022 by just over $1 billion, reduce GNI by about $1.8 billion and reduce aggregate employment by about 1,000 FTE jobs.

Another way to interpret this estimate is that average risk-adjusted outperformance by AustralianSuper relative to the typical competitor superannuation fund of 50 basis points per annum is estimated to have contributed directly and indirectly about $1.8 billion to GNI, $1 billion to GDP and an additional 1,000 ongoing FTE jobs in FY2022[79].

The distribution of the benefits of AustralianSuper's outperformance across states and territories reflects reasonably closely the distribution of member balances.

Figure 23
Impact of AustralianSuper's outperformance, FY2022



78 In the modelling it is recognised that just over half of the assets managed by AustralianSuper in FY2022 were domiciled in Australia with the remainder domiciled overseas. Thus, the efficiency impact modelled applies the Australian component of the asset base while outperformance on overseas assets is modelled as higher investment income from abroad.

79 For modelling the impact of AustralianSuper's outperformance on the economy it is important to recognise that performance in any specific year is of secondary importance compared to performance over a period of time. Outperformance (or underperformance) by a superannuation fund in a particular year is unlikely to have a significant impact on the economy relative to consistent outperformance (or underperformance) over time. This is because the business activities supported by superannuation funds, such as the creation of productive fixed assets, typically impact the economy over long horizons. Similarly, decisions made by households regarding how much they spend and how much they save in a particular year are unlikely to be heavily influenced by the performance of their superannuation fund in that year, especially given the lag between when they are making such decisions and when the performance of their superannuation investment is published. See Box 1 for additional discussion on this point.

80 We note that an "ongoing" job is one that is permanent. Over a 30 year horizon 1 ongoing FTE job provides 30 years of employment.

81 We note that in any particular year outperformance may be significantly higher or lower than 50 bp and indeed may be negative.

82 That is, from an economy-wide perspective the counterfactual scenario should be one where AustralianSuper ceases to exist and all the members get to choose an alternative fund. Whether the re-allocated funds mimic the average superannuation fund is an open question.

Assuming AustralianSuper's outperformance continues into the future, then over the next 30 years this direct and indirect contribution is estimated to be in the order of $44 billion to GDP, $76 billion to GNI, and support, on average, 1,200 additional ongoing FTE jobs[80].

The estimated impact of outperforming the average superannuation fund (not to be confused with the "Average Super Fund" outlined earlier in this report) should be interpreted with caution for several key reasons:

- outperformance in the past may not be a reliable indicator of future performance;
- outperformance of 50 basis points on average per annum is significant and may be significantly impacted by how other funds evolve[81];
- estimating outperformance relative to the average superannuation fund may exaggerate the economic contribution if the next best alternative for AustralianSuper members is a group of peer funds whose performance is closer to that of AustralianSuper than it is to the average superannuation fund[82]; and
- it may be the case that under-performance is less about investment skill and more about the business models of other fund managers and their fee structures, which complicates the analysis since some of the underperformance may represents a transfer from one group in the economy to another (i.e., from members of a fund to people that own and/or manage the fund).

Box 1

AUSTRALIANSUPER OUTPERFORMANCE - CONTEXT

The performance analysis in Section 2 is based on the AustralianSuper default portfolio option and benchmarks relevant to that option that are commonly used by the superannuation industry. In this section we are using an estimate of outperformance that is relevant to the economy as a whole.

Using APRA data we estimate that in FY2022 AustralianSuper's outperformed the average of the next 10 biggest funds by over 100 bp on a risk adjusted basis. Given that we have at most 19 return observations for the relevant funds in the APRA database this estimate should be interpreted as indicative.

However, it is important to recognise that whatever decisions were made in the economy in FY2022 they were not informed by AustralianSuper's realised outperformance in that year, which was revealed after the end of the financial year. Insofar as AustralianSuper's performance impacted the economy in FY2022 it is most likely to have been expected performance rather than realised performance that mattered. For example, savings decisions by members in 2022 may have been impacted by expected returns but not by realised returns. Similarly, the efficiency of capital allocation cannot be assessed on the basis of realised returns for a particular year.

For the economic analysis we have assumed that in the absence of AustralianSuper (i.e., if it closed down tomorrow) its members would reallocate their balances to one of the next 10 biggest funds, without changing the distribution of asset-under-management (AUM) across these 10 funds. This assumption allows us to estimate an outperformance metric that is relevant to the economy as a whole. In effect we estimate the opportunity cost of a member investing with AustralianSuper to be the returns they would get from being invested in one of the next 10 biggest funds. We note that in FY2022 AustralianSuper and the 10 next biggest funds accounted for about 57% of AUM by APRA regulated funds.

Using APRA data we estimate that between FY2004 and FY2022 AustralianSuper has outperformed the next 10 biggest funds by just over 50 bp per annum on a risk adjusted basis. Whilst the relatively small data sample means that this outperformance estimate should be interpreted as indicative, we have assumed it is a reasonable estimate for analysing the impact of AustralianSuper's investment activities on the economy in FY2022.

CONTRIBUTION THROUGH NATIONAL SAVINGS

Compulsory superannuation was introduced in the early 1990s to help manage the anticipated pressure that an aging population would place on the economy during retirement. At the time National Savings had fallen to record lows and the concern was that Australians were not saving enough to support retirement incomes that provided a reasonable standard of living (see Figure 24). The flip side to this concern was that Australia was becoming over-reliant on foreign capital to finance investments, which would be less beneficial to the nation as some of the income generated by these assets would accrue to foreign investors. Moreover, over-reliance on foreign capital potentially introduced a new risk to the economy whereby geopolitical or economic/financial shocks in other parts of the world could threaten the supply of foreign capital or make it very expensive. This risk would discourage businesses from investing, which would adversely impact productivity and economic growth.

The question of whether compulsory superannuation in Australia has increased National Savings has been studied by many analysts[83]. In a perfectly functioning economy it may be argued that forcing people to save more through compulsory superannuation simply results in a displacement of other savings that they make.

However, the economy does not function perfectly and there are good reasons to hypothesise that compulsory superannuation increases National Savings[84]. The arguments are complex and include consideration of how compulsory superannuation impacts wages, savings by businesses and savings by governments. Analysis done by economists at the Commonwealth Treasury estimated that by 2010 compulsory superannuation had increased private savings in Australia by about 1.5% of GDP. Furthermore, this study projected that the contribution of compulsory superannuation to private savings would increase to about 2.5% of GDP by 2021 before peaking at about 3% of GDP by 2040[85].

To derive an estimate of how much AustralianSuper has contributed to the uplift in private savings we consider evidence related to outperformance and personal contributions.

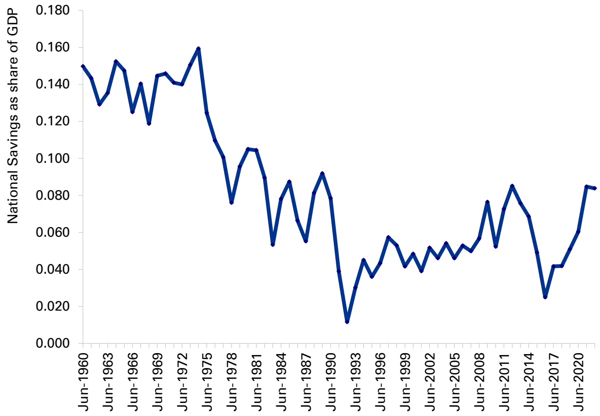
Savings from Outperformance

Outperformance by AustralianSuper means that its members accumulate more savings than would have been the case if their savings had been managed by the average superannuation fund. Not all of the outperformance generated by AustralianSuper will necessarily flow through to higher net saving by members because some will choose to reduce other forms of savings.

We have assumed that half of the outperformance generated by AustralianSuper remains in the savings pool while the other half displaces other forms of savings. This assumption is comparable to those used in the literature[86].

In FY2022 Cash Flow Adjusted Net Assets for AustralianSuper were $250.4 billion[87]. Using this as the base, outperformance of 50 basis points equates to additional gross savings of about $1.25 billion. Assuming that half of this increase in savings is retained and the other half displaces other forms of saving, we estimate AustralianSuper's contribution to net National Savings in FY2022 from its outperformance to be $630 million.

Figure 24
National Savings as a share of GDP



83 Industry Super Australia (ISA) "Industry super and the Australian economy", ISA Report November 2016, https://apo.org.au/sites/default/files/resource-files/2016-10/apo-nid69904.pdf

84 Gruen, D and Soding, L., 'Compulsory superannuation and national saving', Australian Treasury, 1 July 2011 https://treasury.gov.au/sites/default/files/2019-03/CompulsorySuperannuationandNationalSaving.pdf

85 Ibid.

86 For example, ISA (2016) reports that research into the extent to which superannuation savings displace other forms of saving typically lie in the range from 0.3 to 0.8. Gruen and Soding (2011) use the lower estimate in this range (i.e., a $1 increase in compulsory savings reduces other forms of saving by $0.3), which is derived from research published by the Reserve Bank of Australia.

87 APRA, Annual fund level superannuation statistics, June 2022, December 2022.

Savings from Personal Contributions

For FY2022 the APRA statistics show that AustralianSuper members made Personal Contributions worth about $5 billion, which is the largest such contribution in the APRA database. Personal Contributions are voluntary investments made by members that are not a salary sacrifice[88]. Data provided by AustralianSuper indicates that over 200,000 members made Personal Contributions in FY2022. Among other factors, the large inflow of Personal Contributions may reflect AustralianSuper's size as well as its attractiveness as an investment vehicle that has generated consistent outperformance.

We assume that the voluntary contributions made by members are an indicator of extra savings that would not have occurred in the absence of AustralianSuper. Consistent with the assumption we made with regards to the proportion of the fund's outperformance that flows through to an increase in net National Savings, we assume that only 50% of the Personal Contributions represent a net increase in savings (with the remainder being a redistribution from other savings vehicles). Thus, for FY2022 we estimate Personal Contributions increased net National Savings in the economy by $2.5 billion.

Aggregate Net National Savings Uplift

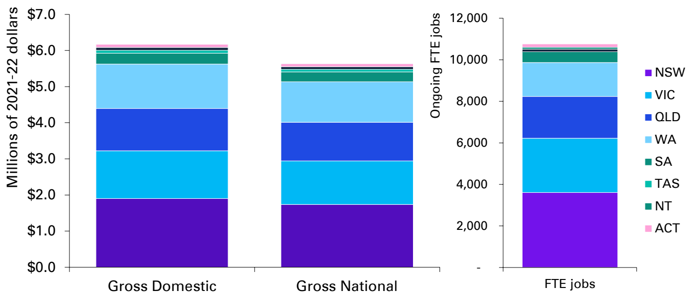
In combination, AustralianSuper's contribution to net National Savings in FY2022 is estimated to have been $3.1 billion. We note that this estimate may be conservative given the fact that it represents only 5.4% of the assumed uplift in National Savings due to compulsory super yet AustralianSuper manages about 7.8% of the superannuation asset pool[89].

Using KPMG-CGE we have estimated the direct and indirect impacts on the economy of the estimated $3.1 billion uplift in National Savings attributed to AustralianSuper for FY2022. The headline results are summarised in Figure 25.

In this modelling, it is assumed that the additional savings are channelled into new investments rather than to displacing foreign savings[90]. AustralianSuper's contribution to National Savings is estimated to have boosted GDP and GNI in FY2022 by about $6.2 billion and $5.6 billion respectively and supported almost 10,760 additional ongoing FTE jobs.

Assuming AustralianSuper's contribution to National Savings continues into the future, then over the next 30 years this direct and indirect contribution is estimated to be in the order of $177 billion to GDP, $157 billion to GNI, and support, on average, 11,430 additional ongoing FTE jobs.

Figure 25
Impact of AustralianSuper's contribution to savings, FY2022



88 More formally, Personal Contributions are contributions other than: (i) Super Guarantee Contributions, (ii) Salary Sacrifice Contributions, (iii) Government Co-contributions, (iv) Low income Super Contributions and (v) Other Member Contributions.

89 In Box 2 we discuss an alternative approach to analysing AustralianSuper's contribution to net National Savings.

90 An extreme assumption would be that Australian businesses do not make any new investments relative to the baseline but rather that domestic savings simply displace foreign savings.

COMBINED CONTRIBUTION FROM OUTPERFORMANCE AND NATIONAL SAVINGS

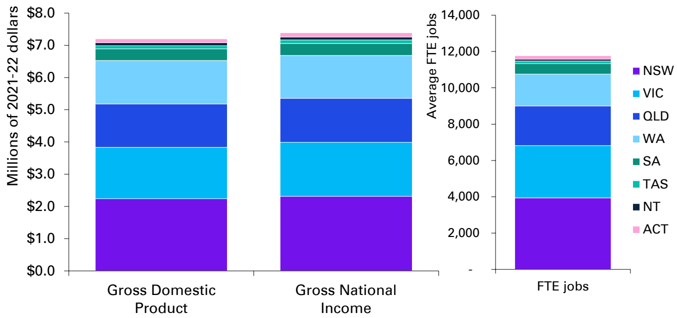
The direct and indirect contribution of AustralianSuper's investment activities on the economy can be calculated by combining the impact of AustralianSuper's outperformance with its contribution to uplifting savings in the Australian economy. AustralianSuper's investment activities are estimated to have contributed $7.2 billion to GDP and $7.4 billion to GNI in FY2022 and to have supported about 11,765 additional ongoing FTE jobs. This GNI increase is equivalent to $640 for every full time worker in the economy, equivalent to just over 0.3% of total GDP and GNI in that year.

The distribution across states is reasonably close to the relative size of the states in terms of their contribution to national GDP. This mainly reflects the importance of the contribution made by AustralianSuper to National Savings, which increases the pool of capital available to businesses across the whole nation and reduces the cost of that capital.

Assuming that AustralianSuper's outperformance and contribution to National Savings continues into the future it is estimated that over the next 30 years AustralianSuper will directly and indirectly contribute $221 billion to GDP, $233 billion to GNI and support, on average, an additional 12,500 ongoing FTE jobs over that period.

The industry results reported in Figure 27 show that a broad range of industries benefit from AustralianSuper's investment activities. The industries that are highly dependent on government spending, such as *Public Administration & Safety, Education & Training and Health Care & Social Assistance* do not benefit greatly because it is assumed that government spending is not impacted. The *Construction* sector benefits from the boost to the creation of fixed assets that is driven by the investment activities of AustralianSuper[91]. The *Mining* sector, which is capital intensive, benefits from the lower cost of capital driven by the boost to savings. Western Australia is the main beneficiary of the increased mining activity. The *Professional, Scientific & Technical Services* sector benefits directly from the investment activities of AustralianSuper and indirectly through its links to other sectors, particularly the *Construction* sector.

Figure 26
Impact of AustralianSuper's investment activities on the economy, FY2022



91 As explained earlier, the boost to savings is assumed to flow through to an increase in investment, rather than to displace foreign savings. This is particularly beneficial to the Construction sector whose sales are heavily reliant on investment activity.

92 It is assumed that it is reasonable to use a share based on assets, which is a stock variable, to attribute savings, which is a flow variable.

93 This simplistic approach abstracts from the complication that superannuation funds existed before the compulsory system was implemented. As at 30 June 1992 superannuation funds had assets equivalent to one third of GDP. As at 30 June 2022 superannuation funds had assets equivalent to 1.5 times GDP. This implies that AustralianSuper's share of superannuation assets that are in the system because of compulsory superannuation is probably greater than 7.8%.

94 This estimate is derived as follows: 7.8%×[ΔNS-ASC]+ASC, where ΔNS is the assumed increase in National Savings due to compulsory super and ASC is the net contribution made to National Savings by AustralianSuper's outperformance. Again, we have assumed that only half of the outperformance by AustralianSuper remains in the savings pool while the other half displaces other forms of saving.

Figure 27
Direct and indirect impact of AustralianSuper's investment activities on industry value added, FY2022

Industry Division	Incremental impact relative to FY2022 baseline $M	%
Agriculture, forestry & fishing	$ 133	0.18%
Mining	$1,335	0.43%
Manufacturing	$ 381	0.31%
Electricity, gas, water & waste services	$ 175	0.39%
Construction	$ 771	0.49%
Wholesale trade	$ 248	0.30%
Retail trade	$ 218	0.24%
Accommodation & food services	$ 87	0.22%
Transport, postal & warehousing	$ 285	0.32%
Information media & telecommunications	$ 206	0.43%
Financial & insurance services	$ 819	0.50%
Rental, hiring & real estate services	$ 213	0.35%
Professional, scientific & technical services	$ 613	0.37%
Administrative & support services	$ 148	0.20%
Public administration & safety	$ 98	0.08%
Education and training	$ 55	0.05%
Health care & social assistance	$ 181	0.10%
Arts & recreation services	$ 39	0.26%
Other services	$ 98	0.30%
Ownership of dwellings	$ 525	0.29%

Note: The incremental impacts to industry value added are reported in dollar terms and in proportional terms. Thus, for example, in FY2022 AustralianSuper's investment activities are estimated to have directly and indirectly boosted value added in the Financial & Insurance services industry by $819 million, which is equivalent to 0.5% of that industry's total value added in the baseline.

Box 2

AN ALTERNATIVE APPROACH TO ANALYSING AUSTRALIANSUPER'S CONTRIBUTION TO NATIONAL SAVINGS

In this Box we present an alternative approach to estimating AustralianSuper's contribution to National Savings.

AustralianSuper is the largest superannuation fund in Australia and is an integral part of the compulsory superannuation system. Without further information, a reasonable assumption is that AustralianSuper's contribution to the increase in private savings is commensurate with its share of assets in all superannuation funds[92]. As at 30 June 2022 AustralianSuper accounted for about 7.8% of all assets in superannuation funds[93]. Using the finding in the literature that by 2021 private savings will have increased by 2.5% of GDP due to compulsory superannuation we can pro rata AustralianSuper's contribution to the uplift in private savings in FY2022 as:

GDP x 2.5% x 7.8%=$4.5 billion

We do have further information that can be used to derive a richer estimate of AustralianSuper's contribution to the uplift in private savings. If it is assumed that AustralianSuper's net risk adjusted returns are 50 basis points greater than the typical competitor superannuation fund then AustralianSuper's contribution to the uplift in private savings in FY2022 could be inferred to be about $5.1 billion[94]. This estimate is significantly higher than the $3.1 billion estimate that we have used in the body of the report.

Under this alternative assumption, AustralianSuper's contribution to National Savings is estimated to have boosted GDP and GNI in FY2022 by about $9.9 billion and $9.0 billion respectively and supported almost 17,300 FTE jobs.

Assuming this higher contribution to National Savings by AustralianSuper continues into the future, then over the next 30 years the direct and indirect impact is estimated boost GDP and GNI by about $285 billion and $253 billion respectively, and support, on average, an additional 18,400 ongoing FTE jobs.

5.3
Labour market impacts

AustralianSuper holds over $130 billion worth of Australian assets on behalf of its members. The domestic asset base includes financial assets such as equities and bonds, and real assets such as infrastructure and property. This asset base directly and indirectly supports many Australian jobs. For example, AustralianSuper holds about $58 billion of Australian equities. This constitutes about 2.5% of the equities listed on the Australian Securities Exchange, including many of the largest companies operating in Australia.

The direct jobs supported by assets held by AustralianSuper might be approximated for each entity in which AustralianSuper has invested by counting the jobs on the payroll of that entity and multiplying it by AustralianSuper's share of the entity's asset base. The indirect impact would include flow-on effects from the incomes these entities generate and their links to the rest of the economy through supply chains. However, care needs to be taken to avoid double counting where the supply chain includes entities that AustralianSuper also holds in its portfolio.

The analysis in this report has not attempted to attribute jobs to AustralianSuper on the basis of its holding assets on behalf of members. The working assumption is that these assets would exist in a similar form in the absence of AustralianSuper. As discussed in the previous sections, the unique contribution of AustralianSuper to jobs is through its investment activities that result in outperformance and increased National Savings.

The analysis in this report shows that AustralianSuper contributes to the economy by increasing the number of jobs in aggregate. It is important to recognise that the main contribution of AustralianSuper's investment activities in the labour market is to facilitate the generation of higher paying jobs through allocating capital to more efficient uses and through lowering the cost of capital and encouraging businesses to make investments that contribute to higher productivity.

In the longer term the unemployment rate will be at, or close to, its equilibrium level. Under this assumption an increase in demand for workers by a business, including new businesses or projects supported by AustralianSuper, is not expected to result in a large increase in jobs. Rather, the increase in demand for workers mainly results in an increase in real wages and a modest increase in jobs. This is a good thing for the economy as it generates higher living standards. Indeed, this is one of the main mechanisms within a market economy that generates higher living standards on a per capita basis.

We can illustrate with an example of a business that invests in the development of a new airport terminal (hereafter Project). To accommodate its labour requirements in a competitive market the new Project will need to recruit workers who already have a job by offering attractive wages. In turn, businesses that lose workers to the Project will need to enter the market to recruit new workers by offering attractive terms. In this process workers are drawn away from low value-adding activities that cannot support higher wages to higher value-adding activities that can support higher wages. Put another way, in order to attract workers from other businesses the Project starts a chain reaction that bids up wages across the economy as workers move from their current jobs to higher paying jobs. This means that the Project not only creates higher paying jobs for the workers it attracts on to its payroll, but in the process bids up the real wages of workers in other parts of the economy. The increase in labour income for the economy as a whole is therefore made up of two components:

- The new jobs generated for the economy multiplied by the wage rate for those new jobs.
- The increase in the wage rate multiplied by the number of jobs that existed in the baseline (in the absence of the Project).

This makes clear that the benefit of the Project for the labour market is significantly more than the new jobs created. It must also include the induced uplift in real wages for workers in other businesses.

AustralianSuper's investment activities help facilitate projects like the airport terminal example. AustralianSuper's contribution to increasing National Savings boosts investment activity and, in the process, supports the development of many new projects. Similarly, AustralianSuper's out-performance is based on allocating capital more efficiently in the economy, which helps ensure that the best projects get funded. In both cases the projects supported by AustralianSuper's investment activities contribute to the chain reaction that draws labour away from the low value-adding parts of the economy and redirects it to the higher value-adding parts of the economy, increasing both the number of jobs and real wages in the process.

Appendix A
KPMG-CGE Model

MODEL DATA AND THEORY

The main features of the KPMG-CGE database and theoretical structure are as follows:

- The key data input used by KPMG–CGE is an input–output table that quantifies the flows of goods and services across producers and users (e.g., intermediate inputs to other producers, inputs to capital creators, households, governments and foreigners) and the flows associated with primary factor inputs (i.e., labour, capital, land and natural resources). In standard form, KPMG-CGE distinguishes 117 sectors and commodities, based on an extended version of the 2017-18 input-output tables produced by the ABS. The data is then updated to reflect the 2021-22 national accounts. This process gives base data that represents the Australian economy in 2021-22.
- Primary factors are distinguished by 117 types of capital (one type per industry), nine occupations, two types of land (primary and non-primary production land), natural resource endowments (one per industry), and owner-operator labour. There is a representative firm in each sector that produces only one commodity. Commodities are distinguished between those destined for export markets and those destined for domestic sales, so that the ratio of export prices and domestic prices is variable.
- Production technology is represented by nested production functions allowing a high degree of flexibility in the parameterisation of substitution and technology parameters. Energy goods are treated separately to other intermediate goods and services in production and are complementary to primary factors.
- There is an infinitely lived representative household agent that owns the major share of factors of production with foreigners owning the remainder; the representative household can either spend or save its income. Total household consumption is assumed to be a function of household disposable income and the average propensity to consume. In the long run, the average propensity to consume is endogenous and adjusts so that the ratio of net foreign liabilities to GDP is constant. This mimics time-consistent behaviour by households and imposes a budget constraint on household behaviour in the long run. Household consumption decisions by commodity are determined by a utility function that distinguishes between subsistence (necessity) and discretionary (luxury) consumption.
- The supply of labour is determined by a labour-leisure trade-off that allows workers in each occupation to respond to changes in after-tax wage rates thus determining the hours of work they offer to the labour market. The overall supply of labour is normalised on working-age population.

- KPMG-CGE includes detailed commonwealth and state government fiscal accounts including the accumulation of public assets and liabilities; these are based on the ABS's Government Finance Statistics[95]. Detailed government revenue flows are modelled, including over 20 direct and indirect taxes and income from government enterprises, and government expenditure includes government consumption, investment and the payment of various types of transfers (such as pensions and unemployment benefits).
- Investment behaviour is industry specific and is positively related to the expected rate of return on capital. This rate takes into account company taxation and a variety of capital allowances, including the structure of the imputation system.
- Foreign asset and liability accumulation are explicitly modelled, as are the cross-border income flows they generate and that contribute to the evolution of the current account. Along with other foreign income flows like labour payments and unrequited transfers, KPMG-CGE takes account of primary and secondary income flows in Australia's current account; these are particularly important for Australia as they typically comprise the significant share of the balance on the current account.

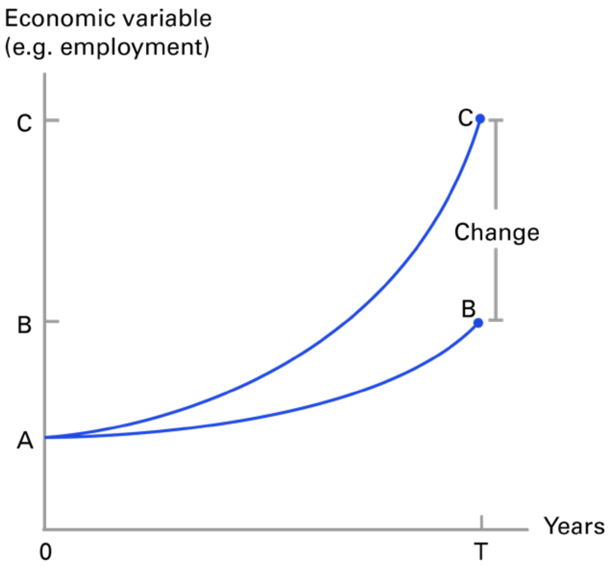
MODEL OUTPUTS

To generate results, the model is run twice for the project being assessed. First, a baseline simulation is run that represents the economy with AustralianSuper. Second, counterfactual simulations are run that represent the economy with modifications made to AustralianSuper's operations and investment activities.

The economic effect of the Fund's operations is measured by the difference in the values of economic variables between the baseline and counterfactual scenarios. This process is illustrated in Figure 28 for a comparative static simulation.

Considering employment as a variable of interest, the current level of employment in the initial database is at point A. In running the baseline scenario, the model will generate a forecast of employment before the implementation of the project – this is at point B. The counterfactual scenario is then run and the model recalculates the value of employment – this is now at point C. The employment impact of the project is the employment difference between the counterfactual and baseline result (C-B). This calculation is repeated for all economic variables in the model.

Figure 28
Illustration of how simulation results are to be interpreted



95 ABS 2019. Government Finance Statistics, Australia, 2017-18, Cat. no. 5512.0, Canberra, April.

490681
4
45G1
30.480 KGS
67.200 LBS
3.890 KGS
8.575 LBS
26.590 KGS
58.625 LBS


UNI QLO
UNI QLO
SEPHORA
Sunglass hut

Appendix B:
Glossary

DEFINITIONS OF KEY ECONOMIC TERMS USED IN THE REPORT.

CGE	Computable General Equilibrium (CGE) models analyse both direct and indirect (flow-on) economic impacts following a shock to the economy. The model captures the economy as a complex system of simultaneous equations that represent interrelated economic agents operating in competitive markets. Economic theory specifies the behaviour and market interactions of economic agents, including consumers, investors, producers and governments. These agents operate in domestic and foreign goods markets, capital and labour markets.
Employment	Employment refers to the number of people employed. In some industries a significant proportion of employment is part time (including intermittent and project-based), which is accommodated in this study by estimating total Full Time Equivalent (FTE) jobs.
Exports	Exported goods and services are those that are produced domestically and purchased by overseas consumers. Exports are goods and services flowing out of the country.
FTE	Full-time equivalent (FTE) employment adjusts headcount employment figures (which capture all employees regardless of hours worked) to full-time equivalent figures by converting part-time workers to full-time equivalent workers. This metric allows for a standardised and more representative comparison of employment across industries.
GDP	Gross Domestic Product is the total market value of goods and services produced in an economy. GDP is equivalent to gross national expenditure plus exports of goods and services, less imports of goods and services. Gross State Product (GSP) is an equivalent measure for a state or territory.
GNI	Gross National Income is the total income earned by a nation's citizens and businesses. GNI is equal to GDP less primary incomes payable to foreigners plus primary incomes receivable from foreigners.
Imports	Imported goods and services are those that are produced overseas and purchased by domestic consumers. Imports are goods and services flowing into the country.
IO Tables	Input-Output Tables are part of the Australian National Accounts, complementing the quarterly and annual series of national income, expenditure and product aggregates produced and maintained by the Australian Bureau of Statistics (ABS).
National Savings	National Savings is the difference between a nation's income and what it spends on the consumption of goods and services and comprises household, corporate and government saving.
Output	Output is a measure of the value of the goods and services produced by an industry or sector, where the value reflects the cost of inputs: labour, capital, and intermediate inputs of goods and services, including imports.
Value-added	Value-added (or factor income) is equivalent to output less goods and services sourced from other suppliers (including imports) and is a sector's contribution to gross domestic (state) product. By excluding goods and service inputs from other domestic industries and from overseas, 'value-added' avoids double counting as it does not include the value-added from other industries.

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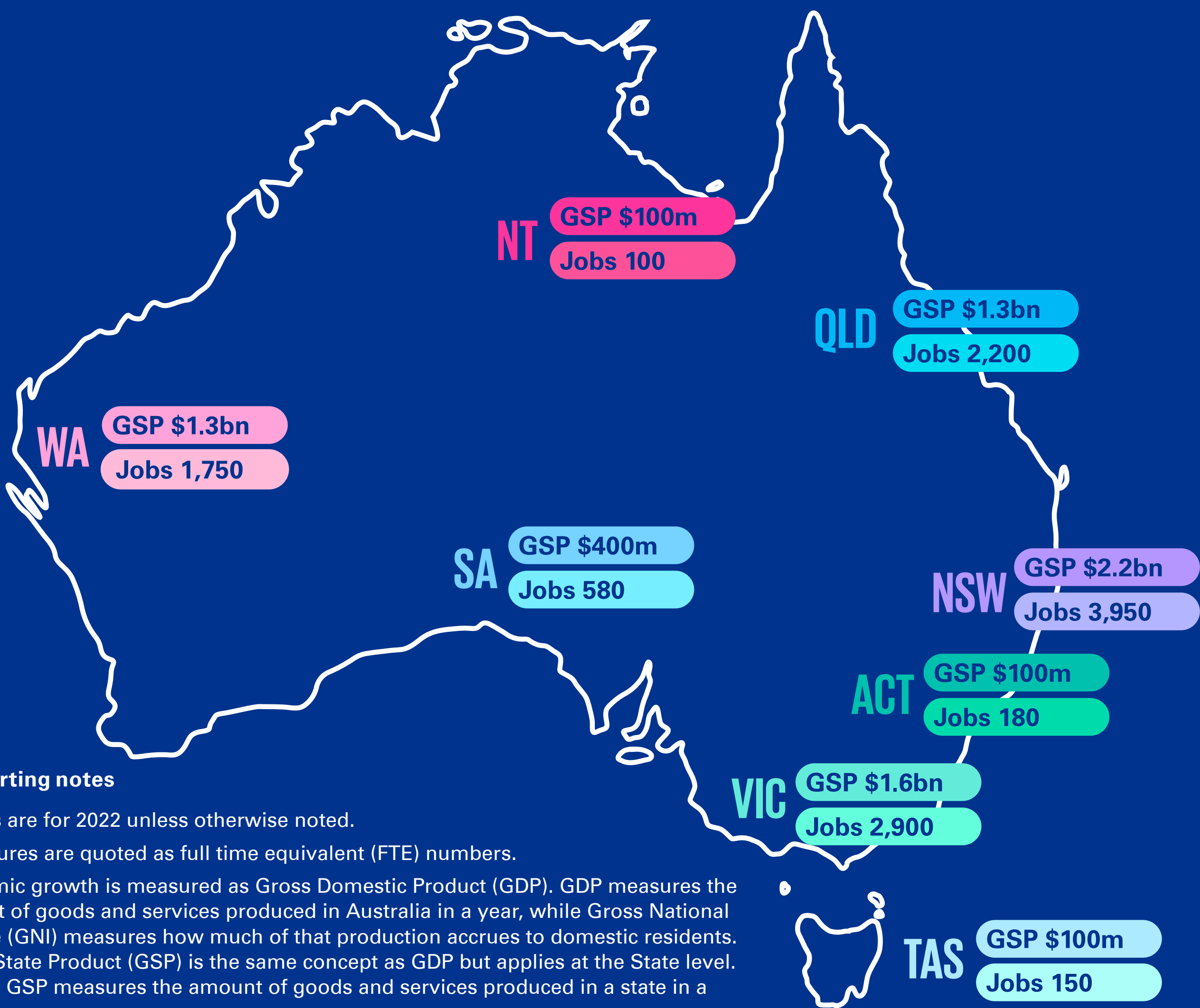
AustralianSuper's contribution to the Australian Economy FY 2022

AustralianSuper's investment activities contributed an estimated $7.2 billion to GDP and supported 11,800 additional ongoing FTE jobs.

$7.2 Billion added to GDP

11,800 jobs added

Investment activities drive higher productivity and economic growth, supporting more jobs and higher incomes. The fund is estimated to provide a boost to Gross National Income of **$640 for each FTE worker in the economy**, resulting in higher living standards for Australians.



Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measures the amount of goods and services produced in Australia in a year, while Gross National Income (GNI) measures how much of that production accrues to domestic residents. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

The estimated ongoing jobs supported and contribution to economic activity were estimated using KPMG's CGE model, measuring the indirect and induced impact of AustralianSuper's investment activity.

KPMG

AustralianSuper's contribution to the Australian Economy FY 2022

AustralianSuper's investment activities contributed an estimated $7.2 billion to GDP and supported 11,800 additional ongoing FTE jobs.

$7.2 Billion added to GDP

11,800 jobs added

Value Added to Key Australian Industries by AustralianSuper's Investment Activities

$1.3 billion
Mining & Resources

$820 million
Financial & Insurance Services

$770 million
Construction

$610 million
Professional, Scientific & Technical Services

$530 million
Ownership of Dwellings

$380 million
Manufacturing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

AustralianSuper's contribution to the Western Australian Economy FY 2022

AustralianSuper's investment activities in Western Australia contributed an estimated $1.3 billion to GSP and supported 1,750 additional ongoing FTE jobs.

$1.3 Billion added to GSP

1,750 jobs added

Value Added to Key WA Industries by AustralianSuper's Investment Activities

$710 million
Mining & Resources

$90 million
Construction

$60 million
Financial & Insurance Services

$60 million
Professional, Scientific & Technical Services

$50 million
Ownership of Dwellings

$50 million
Manufacturing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

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AustralianSuper's contribution to the Victorian Economy FY 2022

AustralianSuper's investment activities in Victoria contributed an estimated $1.6 billion to GSP and supported 2,900 additional ongoing FTE jobs.

$1.6 billion added to GSP

2,900 jobs added

Value Added to Key VIC Industries by AustralianSuper's Investment Activities

$250 million
Financial & Insurance Services

$210 million
Construction

$170 million
Professional, Scientific & Technical Services

$140 million
Ownership of Dwellings

$110 million
Manufacturing

$70 million
Transport, Postal & Warehousing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

AustralianSuper's contribution to the Queensland Economy FY 2022

AustralianSuper's investment activities in Queensland contributed an estimated $1.3 billion to GSP and supported 2,200 additional ongoing FTE jobs.

$1.3 Billion added to GSP

2,200 jobs added

Value Added to Key QLD Industries by AustralianSuper's Investment Activities

$310 million
Mining & Resources

$150 million
Construction

$110 million
Financial & Insurance Services

$100 million
Professional, Scientific & Technical Services

$90 million
Ownership of Dwellings

$70 million
Manufacturing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

AustralianSuper's contribution to the New South Wales Economy FY 2022

AustralianSuper's investment activities in NSW contributed an estimated $2.2 billion to GSP and supported 3,950 additional ongoing FTE jobs.

$2.2 Billion added to GSP

3,950 jobs added

Value Added to Key NSW Industries by AustralianSuper's Investment Activities

$370 million
Financial & Insurance Services

$250 million
Professional, Scientific & Technical Services

$250 million
Construction

$190 million
Ownership of Dwellings

$120 million
Manufacturing

$100 million
Transport, Postal & Warehousing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

KPMG

AustralianSuper's contribution to the South Australian Economy FY 2022

AustralianSuper's investment activities in South Australia contributed an estimated $400 million to GSP and supported 580 additional ongoing FTE jobs.

$400 million added to GSP

580 jobs added

Value Added to Key SA Industries by AustralianSuper's Investment Activities

$40 million
Financial & Insurance Services

$40 million
Construction

$30 million
Ownership of Dwellings

$30 million
Professional, Scientific & Technical Services

$20 million
Mining & Resources

$20 million
Manufacturing

Supporting notes

Figures are for 2022 unless otherwise noted.

Job figures are quoted as full time equivalent (FTE) numbers.

Economic growth is measured as Gross Domestic Product (GDP). GDP measure the amount of goods and services produced in Australia in a year. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

AustralianSuper's contribution to the Australian Economy as a Business

AustralianSuper as a business spends a significant amount of money in the Australian economy - directly as an employer paying wages and salaries, purchasing goods and services from businesses, and as one of Australia's largest taxpayers.

900
Business Suppliers

$700 million
Spend on Goods & Services

1,217
Direct Jobs

$230 million
Wages & Staff-Related Costs

$3.2 billion
Paid in taxes in 2021

Because of AustralianSuper's Operations:

2,300 jobs
added in 2022

$475 million
contributed to Australia's economic growth (GDP) in 2022

$600 million
Australian Gross National Income, the incomes of Australian households and other entities, was boosted by $600m in 2022

Supporting notes

Figures are for Fiscal Year 2022 unless otherwise noted.

Jobs are measured as the number of ongoing full time equivalent (FTE) jobs.

Economic growth is measured as Gross Domestic Product (GDP). GDP measures the amount of goods and services produced in Australia in a year, while Gross National Income (GNI) measures how much of that production accrues to domestic residents. Gross State Product (GSP) is the same concept as GDP but applies at the State level. That is, GSP measures the amount of goods and services produced in a state in a year.

KPMG has used a proprietary economy-wide model to estimate the direct and indirect impacts of AustralianSuper's investment activities on jobs and economic activity.

AustralianSuper – Benefits of Membership

Past Benefit

LONG-TERM OUTPERFORMANCE

The default balanced option's return has been 1.27% p.a. higher than the median growth fund over the past 10 years, and 1.18% p.a. higher over the past 20 years compared to the "Average Super Fund"*.

1.27% p.a.
10 Years

1.18% p.a.
20 Years

OVER THE LAST 20 YEARS

AustralianSuper members' account balances have benefitted by an estimated^

0.61% p.a.

compared to the "Average Super Fund"* based on AustralianSuper's investment outperformance.

AUSTRALIAN SUPER MEMBERS CURRENTLY BENEFIT FROM

Administration fees are on average

32% lower than the "Average Super Fund"* on a $50,000 balance.

Lower insurance premiums

relative to the "Average Super Fund"* across age groups and categories compared**.

Future Benefit

OVER THE NEXT 20 YEARS

an AustralianSuper member's account balance is projected to be

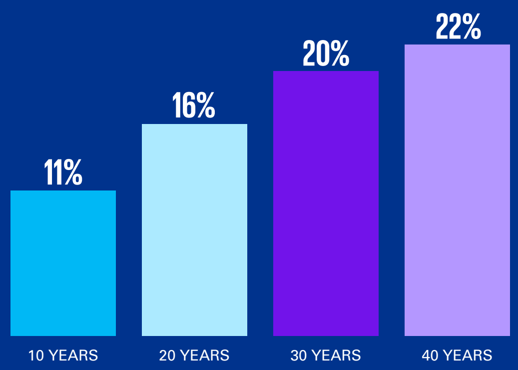
8.8% greater

than a member of the "Average Super Fund"*.

HIGHER RETIREMENT INCOME

An AustralianSuper member retiring at 65 taking an income stream is estimated to receive a significant boost to their income compared to members of the "Average Super Fund"*, depending when they joined AustralianSuper.

Joining AustralianSuper ten years before retirement provides an 11% higher retirement income compared to the Average Super Fund.



Time as an AustralianSuper member prior to retirement

^ KPMG estimates December 2022.

* KPMG has developed a reference "Average Super Fund" to represent the industry average. It takes returns from the Chant West median growth investment option to 30 June 2022, and average administration and insurance premiums from the 10 largest APRA superannuation funds. More detail is provided in Section 1.3 of 'AustralianSuper's economic contribution to Australia' report.

** Ages assessed were 20, 30, 40 and 50 years old, with premiums compared for both males and females with both white collar and blue collar occupation risk categories.