

# 2022 Annual Member Meeting



## Minutes of the 2022 AustralianSuper Annual Member Meeting

Held online, Tuesday 29 November 22, 6pm - 7:45pm (Melbourne time)

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<b>Presenters:</b>	Rose Kerlin, Group Executive Membership & Brand Dr Don Russell, Chair Paul Schroder, Chief Executive Philippa Kelly, Independent Director and Investment Committee Chair Mark Delaney, Deputy Chief Executive and Chief Investment Officer
<b>Present:</b>	Julia Angrisano, Gabrielle Coyne, John Dixon, Claire Keating, Jo-Anne Schofield, Glenn Thompson, Janice van Reyk, Daniel Walton, Innes Willox, Richard Land (Actuary), Craig Cummins (representing Auditors PwC), Rose Kerlin, Paul Schroder, Mark Delaney, Peter Curtis, Shawn Blackmore, Sarah Adams, Andrew Mantello, Alistair Barker, Nav Rewal, Susan Fairley, Mike Backeberg, Andrew Gray, Mick Dunne, Anthony Smolic, Emma Mitchell and Vicky Maguire.

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## Important Information

Please note, the presentations and these minutes may include general financial advice which doesn't take into account your personal objectives, financial situation or needs. Before making a decision consider if the information is right for you and read the relevant Product Disclosure Statement, available at [australiansuper.com/pds](https://australiansuper.com/pds) or by calling 1300 300 273. A Target Market Determination (TMD) is a document that outlines the target market a product has been designed for. Find the TMDs at [australiansuper.com/tmd](https://australiansuper.com/tmd).

The presentations relate to the financial year ending 30 June 2022. Please remember investment returns are not guaranteed and past performance is not a reliable indicator of future returns.

AustralianSuper Pty Ltd ABN 94 006 457 987, AFSL 233788, Trustee of AustralianSuper ABN 65 714 394 898.

## Formal presentations

### Welcome

Ms Rose Kerlin, Group Executive Membership & Brand spoke to the following matters:

- welcomed members and attendees to the AustralianSuper 2022 Annual General Meeting
- acknowledged the traditional custodians of the land and paid respect to their Elders past and present and extended respect to any Aboriginal and Torres Strait Islander people watching the meeting
- noted that the annual member meeting is one of the ways that AustralianSuper works to be more transparent and accountable to members
- provided an overview of the format of the meeting, noting that the evening's presentations would be followed by a live question and answer session
- noted that instructions on how to ask a question would be provided at the end of the presentations and reminded members that the presenters would not be able to answer any questions about a member's personal circumstances
- noted that a quorum of AustralianSuper Directors, its Actuary and Auditor were in attendance
- introduced Dr Don Russell, providing an overview of Dr Russell's experience and deep understanding of finance, superannuation and public policy.

### Chair Address

Dr Don Russell spoke to the following matters:

- greeted all members and the Directors of Australian Super in attendance
- acknowledged Ms Philippa Kelly, who was appointed as the Chair of the Investment Committee after the last Annual Member Meeting
- acknowledged the challenges for members and all people, including geopolitical uncertainty, inflation and a rise in global interest rates, volatility in investment markets and the lingering effects of the pandemic
- noted the continuing rapid growth of the Fund, with more members looking for trusted help, guidance and advice
- noted that superannuation is a long-term investment and the Fund's efforts, particularly those of Mark Delaney and the investment team, to navigate market turbulence and a changing world economy
- advised that throughout the period, the Board has remained focused on ensuring the Fund was well-placed to navigate the uncertainty
- noted the implementation of programs within the Fund to enhance understanding of members and further improve risk culture
- noted the mergers with both Club Plus Super and LUCRF Super and welcomed members from those funds
- noted the 30<sup>th</sup> anniversary of the passage through the Parliament of the 1992 Superannuation legislation, the scheduled rise of the Super Guarantee to 12% and that superannuation has helped millions of Australians achieve a better financial position in retirement
- noted that the Board welcomed Jo-Anne Schofield and Michele O'Neil as Directors, with Michele also appointed Deputy Chair
- noted that the Board thanked Dave Oliver, Lucio Di Bartolomeo and Brian Daley for their service, with Brian having served 30 years to AustralianSuper and predecessor funds
- acknowledged the work of colleagues under the able leadership of Paul Schroder
- thanked all AustralianSuper members for their ongoing trust, reiterating our commitment to helping members achieve their best financial position in retirement.

## Chief Executive Address

Mr Paul Schroder, Chief Executive, spoke to the following matters:

- acknowledged that it has been a challenging year for many, with extreme weather events, rising inflation, increasing interest rates and volatility in investment markets
- the areas of focus for AustralianSuper, including providing trusted support and guidance; positioning the investment portfolio so we can continue to deliver strong, long-term returns; prudently managing costs and fees; growth and the harnessing of size and scale; and advocating for changes to the super system
- reassured members that AustralianSuper has successfully navigated change in the interests of members since launch more than 16 years ago and that we will keep members' best interests at the heart of everything we do.

## Member Services

- acknowledged that helping members achieve their best financial position in retirement is our purpose and at the heart of everything we do and that as a profit for member fund, the money we make is for members.
- over FY22 1.13 million members saw the cost of their insurance decrease by almost \$90 million.
- changes were made to the administration fee structure which came into effect in September, with nearly 2.3 million members receiving a reduced or unchanged administration fee; members with less than \$50,000 in their super account paying on average almost half the administration fees in comparison with before the changes; members with a Choice Income pension account receiving, on average, a decrease in their administration fee of 25%; and some members with super accounts paying an increase on average of a little over \$1 per week. It was further acknowledged that fees are now capped to give members certainty.
- a record number of joins in FY22 of more than 635,000 has taken member numbers to approximately 2.9 million and AustralianSuper now ranks as the 20<sup>th</sup> largest 'pension' fund in the world.
- the services delivered to members in the period, with almost 100% availability while some services experienced an increase in demand of up to 130%.
- improvements made to the member offer, including digital tools and resources, investment holdings information (what we invest in) and member portal.
- education services provided to help members make good decisions about their future.
- the introduction of the Members First Culture Program.

## Cybersecurity

- the protection of member information is imperative to AustralianSuper and we have robust measures and processes designed to keep member data and savings safe, which we continually refine and strengthen.
- we have taken additional steps to keep accounts secure and members can also take additional steps. Further information is available on the AustralianSuper website.

## Investment returns

- acknowledged that the last financial year was challenging for investors and those challenges continue.
- for the first time since the global financial crisis in 2008/2009, the Balanced investment option, where most members are invested, had a return at the end of the financial year of negative 2.73% for super and negative 3.02% for members in Choice Income.
- noted the conditions impacting the result, including falls in investment markets globally towards the end of the financial year, following a period of global supply chain blockages, the war in Ukraine, higher inflation globally and rising interest rates here in Australia.
- noted that, while not desirable, negative returns are to be expected over a lifetime of superannuation and that the result in FY22 was one of only four negative returns for the balanced option since its inception 37 years ago.
- advised that at 30 June this year, the Balanced investment option delivered an average annual return of 9.32% over the last ten years and 7.84% each year over the last 20 years.

- noted the Balanced option was ranked in the top two funds over 7, 10 and 20 years; for Choice Income members the Balanced option's average annual return over 10 years was 10.27% and it was also ranked in the top 2 over 10 years.
- presented figures which compared AustralianSuper's performance against a poor performing fund and a median performing fund for the last financial year and the last 3, 10 and 20 financial years, highlighting that AustralianSuper had outperformed the poor performing fund by over 6% and the median fund by 0.7% in the past financial year; over three years outperformed the poorest performing fund by 3.3% and the median by 1.3%; and over 10 years returned 2.8% more than the poorest performing fund and 1.3% more than the median.
- provided an example of how small differences in returns can add up over time to make a significant difference in balance at retirement.
- highlighted that AustralianSuper has a history of delivering market-leading returns to members.

### Supporting the Australian economy

- noted the Fund has the aim that all Australians live well in retirement.
- noted the Fund is one of the largest investors in Australian companies and assets, with \$130 billion of members' retirement savings invested in Australia, contributing to members' returns as well as the Australian economy.
- noted that the Federal Government's Housing Accord seeks to address housing affordability and supply, which the Fund also seeks to do through Assemble Communities, while noting that we are also committed to delivering strong, sustainable long-term returns.

### Advocacy

- noted that outcomes can be improved if the superannuation system is improved, which is what drives our advocacy efforts.
- noted the Fund supports the superannuation guarantee increasing to 10.5% on 1 July and up to 12% by 2025, as legislated.
- noted the Fund supports measures to improve performance and transparency for all funds, for the benefit of members.
- noted the improvement to the system in the removal of the \$450 threshold which results in workers earning less than \$450 a month being paid super.
- noted the Fund will continue to proactively engage on public policy questions with a purpose to ensure Australia's superannuation system is the best in the world and can deliver more for members.

### Strategy update

- noted a range of initiatives achieved during the year in support of the 2030 Strategy, including expansion of London and Beijing offices and the opening of a New York office; reducing investment costs through internalisation of the investment program; and building scale through strong growth in member numbers and assets.
- achieved an employee engagement score of 85%, above the global average.

It was further noted that the Chief Executive thanked members for the trust they place in AustralianSuper.

### Investment Strategy

Ms Philippa Kelly, Independent Director and Investment Committee Chair spoke to the following matters:

- noted the volatility in investment markets in the last financial year and the likelihood that this would continue, with uncertainties around global growth, persistently high inflation and rising interest rates
- noted that superannuation is a long-term investment
- noted three key elements in implementing our investment strategy:
  - internalising our investment team; with more than 53% of the portfolio managed internally, lowering investment costs, increasing access to investment opportunities and enabling more agile investment decisions

- increasing the Fund’s investments in private market assets to leverage our long-term investment horizon, scale, global execution capability and strong track record as a responsible investor and owner
- increasing the number of colleagues in global offices, expanding our investment capabilities, allowing the Fund to better understand local markets, grow business relationships and provide better access to new investment opportunities
- the Fund’s approach to responsible investing and ESG to build members’ balances in a sustainable way
- noted that the Fund’s ESG and Stewardship program is embedded across the investment process, with ESG factors considered before making an investment
- noted that the Fund also engages with companies and uses voting rights to encourage positive behaviour on issues that can impact investment returns
- recognised the leadership and dedication of Jim Craig, the outgoing Chair of the Investment Committee, and thanked him for stewarding the development of the long-term investment strategy that has been integral to the success of the Fund
- thanked the AustralianSuper Investment Committee and investment team for their hard work and dedication
- thanked AustralianSuper members for continuing to place trust in the Fund.

## Investment Performance

Mr Mark Delaney, Deputy Chief Executive and Chief Investment Officer spoke to the following matters:

- provided context in relation to factors contributing to volatility in investment markets, noting that geopolitical tensions, high inflation and rising interest rates all impacted performance which resulted in the Balanced option’s first negative annual return since the Global Financial Crisis
- presented a chart demonstrating that over the last 36 years, since the inception of the Balanced option, it has had only four years of negative returns and has delivered an average annual return of 9.32% p.a. over the last ten years
- noted the Fund’s approach to ESG, prioritising the impacts the Fund believes present the greatest risks and opportunities to member returns
- noted that the Fund actively stewards its capital to communicate its long-term investment interests in a way that is consistent with maximizing long-term value for members
- shared some of the larger strategic themes and priority topics for FY22 and FY23, highlighting Climate Change and Modern Slavery as points of focus, noting Fund actions taken on these points
- further detailed the impacts on the performance result of the balanced option in FY22
- reviewed the performance of different asset classes and investment options in the period to 30 June 2022
- provided a chart which highlighted that long-term results are positive, with each of the PreMixed options in super outperforming their peer median benchmark and/or CPI objective over the last 10 years
- provided a chart which highlighted positive long-term returns for PreMixed investment options for Choice Income (pension)
- provided a graph which shows the growth of \$100,000 invested in the Balanced option over the 20 years to 30 June 2022, demonstrating that market ups and downs are a normal part of investing and the importance of staying invested over time
- highlighted the themes believed likely to impact the Fund’s investment strategy and program into the future, which in the nearer term include the implications of a potential global recession in 2023, the global effort to get inflation under control and managing the impact of China’s transition to lower growth; and in the longer term include geopolitical pressures (particularly the implications of a potential US-China conflict), technological disruption and climate change and the global energy transition
- highlighted that following a decade of economic growth, our outlook suggests weaker economic growth with continued volatility in investment markets and a moderating of investment returns

- advised that the Fund has shifted to a more defensive strategy and prepared the portfolio for a lower growth environment, and will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities
- presented a timeline of key investment team milestones over the past decade, including expansion into global offices in London, New York and Beijing as well as the internalisation of more than half of the investment portfolio
- presented a graph showing AustralianSuper's outperformance against the median over all time periods, confirming that AustralianSuper at 30 June 2022 ranked in the top two best performing fund options over 7, 10 and 20 years
- advised that the deployment of nearly \$13 billion into unlisted assets includes investments in key strategic assets that are integral to the Australian economy
- thanked the investment committee and the investment team for the hard work and dedication to delivering the best possible outcomes for members
- thanked the almost 3 million AustralianSuper members for their ongoing support.

### Conclusion of formal presentations

Ms Kerlin thanked Ms Kelly and Mr Delaney for providing their insights and advised that questions for the question and answer session should be typed into the questions box. It was noted that a response to any questions that could not be answered at the meeting would be provided afterwards via the minutes of the meeting.

Ms Kerlin advised that questions and their answers would be made publicly available and reminded members not to include personal information in the messages or questions due to privacy reasons.



## Question and answer session

### Introduction

Ms Kerlin welcomed attendees to the question and answer session and provided instructions on how to ask a question, reminded attendees not to post personal information into the chat box and advised the options available to a member to ask a personal question, including making contact with AustralianSuper via its website, contact centre or AustralianSuper app.

Ms Kerlin acknowledged the attendance of a quorum of Directors of the AustralianSuper Board; the Chief Executive, Paul Schroder; the Deputy Chief Executive and Chief Investment Officer, Mark Delaney; the Fund's Actuary; the Fund's auditors PwC represented by Craig Cummins and a number of the Fund's subject matter experts.

### Live questions and answers

**Ms Kerlin: We've had a few members ask about the Fund's approach to supporting the transition to a low carbon economy and, in particular, how do we hold companies to account for their climate action plans. I'm going to invite Andrew Gray, AustralianSuper's Head of ESG & Stewardship, to give us an overview of what we're doing, and then Philippa to provide a perspective from the Investment Committee.**

*Andrew Gray, Head of ESG & Stewardship:*

Thanks very much to the members that have asked the question. It really is an important question because the way we approach the low carbon transition is really important as to how we'll manage investment risk for members. And clearly certain companies are obviously exposed, such as fossil fuel companies and potential stranded asset risks, but there is also investment risk and opportunities throughout the economy through most companies as they develop business strategies for a low carbon world.

So, I'm going to talk about three key actions that we take to hold companies to account in terms of their climate transition plans. So, the three key actions that we undertake are: we measure, we engage and we vote. So just talking through each of those in turn, in terms of measurement, so Mark mentioned earlier the quite deep carbon footprinting we're doing on the portfolio. And, as an example, if we look at our internal Australian Equities portfolio, we know that the current carbon footprint of that portfolio is 83 tonnes of CO<sub>2</sub> per million dollars invested. We also know, though, that if we take into account the promises that companies are making in terms of their own net zero commitments, that number comes down to 12.4 tonnes of CO<sub>2</sub> per million dollars invested at 2050. So, we can see a clear pathway in the portfolio towards net zero if the companies that make those promises deliver on those promises. So, the first point here is we need to measure that so we know the potential sources of where that reduction in the carbon is going to come from.

Then the second step that we undertake is, given that, given the identification of we know which companies are going to deliver to get the portfolio to net zero, we need to engage with the companies on those deliveries. So, the last few years have very much been about seeking that companies make those net zero commitments. As companies have increasingly done that, our future focus is making sure we've got delivery of those promises. So, it's things such as making sure companies have milestones. It's things such as making sure companies are looking at what their blockages are, if they're hard to abate sectors, and working collaboratively around the economy in terms of solving those blockages.

In terms of our engagement program, in financial year 2022, we had 75 engagement meetings with 41 ASX 300 companies. Obviously not all those were climate change related engagements but where companies are heavily exposed or have made net zero commitments, that would be a key part of the engagement with those companies. Globally, we're a founding investor of what's called Climate Action 100, which is the way we can engage globally with companies on their climate transition plans.

Then, finally, I mentioned the third key activity that we undertake in holding companies to account is to vote. So voting is a really important mechanism for us where we can have our say formally in terms of how we think companies are responding to climate change management and whether they're delivering on their climate transition plans.

So, there's a couple of key types of votes that we undertake. The first one is on what we call 'Say on Climate'. So, companies globally and many companies in Australia have undertaken to develop climate transition plans and put those to shareholder votes. So, we actively consider those and vote in favour or against, depending on whether we think the plan adequately enunciates the transition to net zero and how the company is going to deliver value as the economy transitions to net zero. So, we have, in fact, voted against a climate transition plan where we thought the company hadn't put forward a sufficient plan.

Then the final or the second type of vote in terms of holding companies to account on climate transition is shareholder resolutions. So, in the last few years we've increasingly seen shareholder resolutions where various shareholders are putting forward resolutions, asking companies to take certain actions on climate change. So again, we assess those very actively and look through the lens of: does the resolution help to enhance the long-term value of the company and, therefore, whether we should support the resolution. So, again, there have been a number of resolutions that we've supported over the years where we thought that, in fact, has been achieved and we thought it was good to support the resolution from a climate transition perspective.

So, they're the key actions that we undertake, and I'll hand over now to Philippa, who is going to talk a bit more about the international context.

*Philippa Kelly, Independent Director and Investment Committee Chair:*

Thank you, Andrew. I would like to add a comment about the international perspective and how the Fund is involved. The Fund was a founder member of the group, an investor led group, Climate Action 100, some five years ago and, pleasingly, we can see that Andrew is actually the current Chair of that group for the next little while.

Since founding Climate Action 100, the investor participants have grown to now more than 700 investors and they work with companies globally to lower emissions and strengthen climate related financial disclosures. So, we see this as a very active and another meaningful way for the Fund to drive change in achieving the pathway to net zero emissions by 2050.

**Ms Kerlin: AustralianSuper has recently upgraded its member portal and App and we've had a few questions from members about some issues that have been experienced. Shawn Blackmore, AustralianSuper's Group Executive, Member Experience, will now provide some information on what we changed and why, as well as how we've been managing the issues that have come up since the upgrade.**

*Shawn Blackmore, AustralianSuper's Group Executive, Member Experience:*

A couple of years ago we embarked on a project to rebuild the Fund's digital assets. That was the portal – the member portal and the mobile App. And this build was across both the frontend, so the interfaces you interact with; the middle layer, the systems and data that integrates to display and allows you to use the App and member portal; and also, the backend, the environments which host and house the software and hardware that we have. And one of the parts of this project was to move that over to the cloud.

We did this for a few reasons: one, modernisation. The appearance was dated. It was starting to get clunky and a bit too much information available and we were getting a lot of feedback from members about the usability, but also the accessibility. The App wasn't good for visually impaired members or for a lot of members on different sized devices.

We did it also for scalability. When we first launched the member portal 10 years ago, we had a couple of million transactions on it. The last year we've had over 35 million transactions, and we need to make sure that we are ready for the future, where that 35 should double in the next two to three years. We did it for availability, making sure that the Apps were available for members to use, and we were starting to see a degradation in services, where more and more time the Apps and the portal weren't available for members to use and it was taking us longer to get it back up. And, finally, we did it for security. It allowed us to incorporate heightened security measures for today's world.

So, the App and portal were launched just over two weeks ago, and for the most part, members have been able to transact and use them. But whilst we had the best of plans and thorough testing, a few issues emerged since launch. Firstly, login. There was a group of members who experienced login issues of being able to access accounts, and I acknowledge the frustration that would cause. Whilst that's resolved now, that has caused members who experienced that to call the call centre just to make sure everything was alright.



Availability: there's been four or five unplanned outages, and that's where the App and the portal hadn't been able to display the information that you wanted it to when you went to use them. Now, that generally occurred between 7 and 8 in the morning, and whilst that has been resolved, that has been an inconvenience for any members who were trying to use those assets during that time.

Then we've got some features. When we launched the features, they were available but, unfortunately, we've had to take them off to do some fixes for them. Those features included to make a withdrawal online. We've had to put a PDF form in there, which isn't a great user experience. That feature will be put on shortly. But, in the interim, members haven't been able to do that how they previously would have. Adjusting pension payments was also another feature that didn't quite work as expected, and we've had to replace that with a pension PDF form. Now, that will be available in the next week, but again we apologise for the inconvenience.

Downloading a pension schedule or a Centrelink schedule was off for about a week and required us to fix it, and also from Member Direct members, there were a couple of issues in accessing that through both the portal and the App for about a week. Now we've addressed the portal, and a fix for the App should be coming in the foreseeable future.

Now, what I'd like to do is, on behalf of the Fund, apologise to any members that were inconvenienced by this. We didn't set out to have these issues but we've had a good team available 24/7, that when they've been identified, to be able to work and respond, to monitor and address the fixes where required, and we will continue to do that throughout the foreseeable future.

It is really important that this major upgrade is going to assist members for many years to come and allow us to deliver a series of features and functions that wouldn't have been able to be delivered on the old technology.

**'What is the long term forecast of the Australian and world economy? Do you think the poor economic conditions will quickly recover when the war in Ukraine ends?'**

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

The global economy had a very deep recession during the financial crisis. It's a long time to think back to that, but it was a terrifying time really. And since 2009 right up until 2022, the global economy performed, and the Australian economy performed very strongly. COVID was an interruption but really the long-term trend was a pick-up in economic activity and big declines in the unemployment rate. We're now at the point whereby inflation is rising, unemployment is very low and wages are rising, and we're getting toward the end of that economic cycle. It's inevitable we're going to have some sort of downturn globally and Australia may be also affected but not as severely.

Looking beyond that, you can see a recovery taking place, and we're starting to think about that for the portfolio. How would we set a portfolio for an eventual recovery? And so we don't think the underlying picture for the world has changed that much over this whole period. You have recessions every decade pretty much on the clockwork of 10 years or so and we're also having periods whereby the economy has performed quite strongly. So, I think it's going to be fine in the longer term, albeit with growth maybe being slightly lower than what we've seen historically.

I don't think Ukraine is going to have a big impact upon the economic outlook. It's had an impact on commodity prices but, outside of that, it's been quite localised, and so unless the conflict globalises, I don't think it's going to have a big impact upon markets.

**'What is management's strategies to deal with global economic uncertainties and minimise investment risks? What are you going to do to protect us with a looming recession?'**

*Philippa Kelly, Independent Director and Investment Committee Chair:*

This goes to the heart of what I was talking about earlier. Critically, it's having the right strategy to provide the optimal long-term returns, as well as the resilience to withstand market cycles, so for us, the key elements of internally managing the portfolio, operating as a global fund and increasing our investments in private markets. The way we've responded to the current volatility we're seeing in the economy and investment markets has been to position the portfolio more defensively, altering asset allocation and principally reducing our listed equity exposure. But I'll turn to Mark for some more detail on the specifics.

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

I think there's been two phases to how the markets have performed. The first phase has been the market being affected by the rise in interest rates, and you saw that affect bond markets in particular where fixed interest had a negative year last year, quite unusual, and you also see it in highly expensive equity stocks, which have come down a fair bit in value. So higher interest rates is the first phase of this bear market and that's flowed through to those style investments. What we've sought to do is to have a small exposure to fixed income and to de weight our exposure to those growth style stocks.

Looking out a little bit further, as the economy slows, there's a fair chance that the market is going to become concerned about declines in earnings, as companies find it harder to make profits. We think that is going to affect other stocks in the market and probably cause a little bit more weakness. And, as I said earlier, looking beyond that, there's a fair chance that, as the markets stabilise, we'll be able to buy stocks at pretty attractive valuations with really good medium-term prospects. So, in some ways, falling share prices provides an opportunity for us to refresh the portfolio, buy better companies with better long-term prospects.

**'Can you tell us what is being done to ensure the cybersecurity of AustralianSuper accounts, including our personal information?'**

*Mike Backeberg, Chief Technology Officer:*

If I could just take a moment to just reflect on what has happened recently in the market and going on with the incidents that have been widely reported in the media, it obviously raises a concern for members, as it does for the Fund. If I go back to 2018, the improvement in cybersecurity was a decision made by the Board, supported by the Executive, and this is very important because improving cybersecurity and the safety of data is a long-term program. So, we have been actively working on it for many years, but increased our internal capability with a dedicated Information Security team who are focused on ensuring that we operate an environment that is safe and secure for members and colleagues to actually work on a day-to-day basis.

Included in that is looking at our core suppliers who bring services to the Fund, and we do regular assessment of what those cybersecurity controls are and how they operate. More specifically, in relation to what's happened recently, we've increased the number of controls to ensure that we validate any behaviour on a member's account where we have concerns that something may be happening, and that gives us an opportunity to retest and validate that the transaction is, in fact, valid.

I would also like to touch on the fact that cybersecurity remains a focus for every colleague in the Fund, not only our technology colleagues but every single person who works across the Fund. With that, we have regular cybersecurity awareness sessions. Most recently, we had an awareness day with 260 colleagues across the Fund participating, understanding what we can do to improve awareness and really bring better outcomes to every member.

For you, participating in this session, we have detailed information on our public website. If you feel that there is something malicious or fraudulent happening, I encourage you to look at our website. Go to the links that are available. There is support that you can access. Reach out to our contact centre and take steps to really protect your information. We will obviously continue to monitor this and really look to bring the best controls and environment that we have available to you.

And the last point I just want to touch on is that this question is crucially important to what we need to do as an industry, what we need to do as a community, recognising that cyber criminals are not working in our best interests. Being aware and raising these questions really helps us go forward and take positive, proactive steps to ensure that all member data is secure and that we can look after what we need to do to bring you the best services that we possibly can in achieving members' best financial outcomes.

**'How does the admin cost charged to members compare with other funds?'**

*Paul Schroder, Chief Executive:*

To Hao's specific question, admin fees are really important to keep down, and that's one of the reasons we try to build the Fund so you've got more members having to pay less. But admin fees are only part of the story, and I'll come to that in a moment.

The most important thing is net benefit: how much money do you have at the end from your earnings, less your investment fees, less your admin fees. But to answer the specific question, AustralianSuper's admin fees, according to the Chant West survey, are, for somebody with a \$50,000 balance, we're sixth cheapest out of 60; for somebody with a \$500,000 balance, we're the seventh cheapest out of 60; and for somebody with a Choice Income account with \$250,000 in it, we're the fifth cheapest out of 82. So, in all of those cases, we're right up the cheapest end. But, of course, we want to do the very best for you, so we need to be able to provide the services, including the cybersecurity and the protections that you need from us. So, yes, we are using size and scale to keep admin fees low, and hopefully that's been indicated by me explaining where we are in the rankings. But I'd just urge members who are online just to think about the main thing is net benefit, so admin fees, plus investment fees, in the context of your overall earnings and over time. That's all we focus on, which is how to make sure you have more money in your account.

**'Can you tell us what is the Board doing to embed governance standards that reflect those of other larger organisations in Australia?'**

*Dr Don Russell, Chair:*

Important question. It is a topic that the Board is always very conscious of because we have to be certain that we have the best arrangements on the Board and that the Directors have the right skills and backgrounds to do justice to our responsibilities, and that is very much around the strategic direction of the Fund, the broad policy outline, for a whole range of areas.

We've also got to have the capability in the background to be able to ask the right questions of management, to hold management to account, but we are also very conscious that one of our really important responsibilities is to safeguard the Member First culture, to make sure that the members are centre stage of everything we do, and that the Fund doesn't over time allow the Member First culture to erode into something more akin to fund first. And so, we've put in recent years a lot of attention on identifying the skills that the Board needs, that Directors need, the skills that we need to make sure that we have the right people capable of doing justice to all our working committees. So, we have developed Skills Matrix, which is publicly available. We've invested in Board reviews and we have an independent Chair of the Board itself and we have an independent Chair of the Investment Committee.

And we're also very conscious that, as we engage, as AustralianSuper engages, with corporates, Australian corporates and corporates around the world, we ourselves have to have cutting edge, best in class governance for our own arrangements if we expect to engage with other companies and expect them to take us seriously when we talk to them about their governance. So, thanks, Stephen, and it's something that we constantly keep an eye on.

**'Why is the Conservative Balanced option producing a worse result in these unstable times than the Balanced option? It is supposed to be less exposed to stock market fluctuations than the Balanced option and yet it has been consistently poorer, despite savings interest rates rising.'**

*Alistair Barker, Head of Total Portfolio Management:*

A number of questions have come through from members asking a similar question about our diversified fixed interest option, as well as a number of other options. So, I'll offer two responses. The first is why is this occurring and the second is what do we think might happen in the future.

So, on the first, why is this happening, well, it is irregular. As Philippa and Mark mentioned earlier, it's because the issue that's been ailing share markets is also ailing fixed interest markets. So, because the Conservative Balanced option, as well as options like diversified fixed interest, are in fixed income markets, rising interest rates have impacted both. That's quite irregular. It doesn't happen all the time but it does happen every now and then. And that's happening because of high inflation. We've got the Reserve Bank, the US Central Bank and other central banks around the world trying to raise rates to address high inflation. So that's what's causing it.

What do we think might happen going forward and will this occur again? Well, we would say it's less likely to occur going forward, and the main reason for that is that the rise in interest rates is largely in the price of financial markets as we speak. So, if you were to go and fix your mortgage rate or if you were to go and get a term deposit, if you were to do that for, say, the next two to four years, you'd be looking at an interest rate of around 4%, something like that. So, the rise in interest rates is largely in the price of financial markets and you will see that come through in fixed interest and cash investments over the coming years. So, one of the reasons why returns on our cash option are lower than what you can get a term deposit is because that term deposit reflects the future investment return you could get from interest rates over the next few years, versus our cash option is what you would have earned in cash over the previous few years, which have been very, very low, as interest rates have been low. So, we don't expect it to occur as often but it does happen from time to time and it's typically an environment like the one we're seeing where you have high inflation.

**'I have invested 90% of my super in international shares. May I know in which shares you have invested my super in?'**

*Paul Schroder, Chief Executive:*

Yes, there's a really great way for you to know precisely where you're invested and all members involved in this meeting tonight. Because it's your money, you should know everything about it. It's AustralianSuper and it's yours. It's your money.

So, if you go to the website, there's a little spot there about Investments and then How We Invest. So if you get on there and get to How We Invest, Investments and then How We Invest, and you'll be able to see precisely what the Fund is invested in on your behalf, by assets, by volume, by proportion, and in the case of property, usually there's a Google map there so you can see the location of the properties that you own as well. We update that in December and in June.

All funds have to do something like that now but we've been doing it since 2016, primarily because it's your money; you're investing it; you should know exactly where it is. And on the website, Investments and then How we invest, you can see it in all manner of cuts and different angles and you'll be able to see exactly what you own there.

**'Mark, what do you see performance will look like in the next 10 years?'**

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

That's a pretty good question. I'll give you my best guess as an answer. In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.

**'Are there risks investing in China? Should have an office in Beijing, given the current political climate with China?'**

*Philippa Kelly, Independent Director and Investment Committee Chair:*

Interestingly, our Beijing office is slightly different from New York and London, where they are completely focused on the investment activities of the regions in which they're located. Our Beijing office really recognises the importance of China as a global economy and also a driver of future growth but we have very limited investment exposure through that office, and really the focus is on more macroeconomic conditions. And we have a very small team but they're well supported.

**'Did AustralianSuper make any payments or donations to any political party or union during the year ended June 30, 2022? If so, to which party and/or union and how much?'**

*Paul Schroder, Chief Executive:*

First of all, let me say very clearly that we don't make any donations or any political donations or anything of the sort. Super is a multi-generational thing and it's really important for AustralianSuper to be non-party political and to not get involved in one or other point of politics because, if you think about the members of the Fund, across this whole night, many of you will hold a range of political views, and those political views could change over time. So, we're very, very committed to being multi partisan and all of Parliament because if you're a 25-year-old in this Fund, you will probably have 10 or 15 different Federal Treasurers in your life and we need to work closely and well connected with them. So, we don't make political contributions. We don't get involved in party politics and we certainly don't make donations.

There are a couple of things where we do make payments, though, because, of course, we need to pay Directors and they come from organisations and also we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.

**'Unlisted assets are, I understand, valued internally. Is this correct and, if so, how do you ensure the correct value?'**

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

The unlisted valuation question gets a lot of publicity, particularly around this time when there's been a downturn to share market. So, it's worthwhile just giving you a bit of background on how unlisted assets are valued and the whole context of that.

Unlisted assets are different from listed assets. They're not valued by the share market day to day. They're valued at a whole enterprise value with, in valuation terms, a willing buyer and a willing seller. So just as you get your house valued by a professional valuer, we get our unlisted assets also valued by professional valuers. That's done either through the managers instructing the valuers to undertake that themselves, and in some circumstances, AustralianSuper will instruct the valuers to get independent valuations done. So good valuation practice is one which is timely, is independent and uses all the information available. These core principles - timely, independent and using all the information available are what we use when we do our valuations. So, no, we don't do our own valuations, we don't think that's appropriate and they are independently determined.

**'Do we have a financial adviser we can talk to about super changes?'**

*Anthony Smolic, Education Manager:*

There are a couple of ways you can get advice through AustralianSuper. If you're looking for simple super advice, you can get some over the phone advice with our qualified financial advisers around things like contributions, investments, insurance. If you're looking at things like transition to retirement and retirement income products, then there may be a small cost involved but, otherwise, usually there is no additional cost for simple super advice.

If you're looking for more comprehensive financial advice, then again through the helpline or through the website, you can ask to either meet in person with one of our financial planners at AustralianSuper or via an internet link up and go through a more detailed and robust financial strategy.

If you find yourself unable to come into one of our head offices or unwilling to do a Zoom meeting or an MS Teams meeting, then you can use the Find Adviser tool on our website and find a financial planner in your local area that is on our list of registered financial planners across Australia, and you may be more comfortable that way.



**'The investment fees increased substantially last year. Do you forecast similar increases this year? It seems the growing size of the Fund is not producing economies of scale. Is it a fair assessment?'**

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

It's something we're really sensitive to economies of scale. What we're trying to do at AustralianSuper is, through our scale, deliver better member outcomes, and part of that is through lower fees, and Paul talked about where our fees were.

So last year, our investment fees went up by about 10 basis points because we paid a lot more stamp duty on a number of unlisted assets, which were land in New South Wales in particular. Now, when we buy a large property asset or a large infrastructure asset, we invariably have to pay stamp duty, and that gets incorporated into the investment fees. This year we don't think we're going to be buying as many assets as last year so I don't think those fees are going to be repeated, but in the longer term, if we're acquiring high quality assets which have a large land component, we'll have to pay the stamp duty, and that's just part and parcel of investing your money well.

**'How does the long-term investment mindset help those who are close to retirement?'**

*Mark Delaney, Deputy Chief Executive and Chief Investment Officer:*

Yes, investing is a long-term game. You're exactly right. The more you look at the longer run, the less you worry about the short run, and if you worry less about the short run, you don't worry about market volatility and make mistakes when markets have fallen. So, when you're close to retirement, it is a stressful period because you're not sure how you're going to go in retirement, how your savings are going to hold up. The key thing to note is that market volatility will occur during your accumulation phase and in your retirement phase, but those periods of market volatility pass and in the long run your assets continue to grow. So, during retirement, you still have the chance to grow your assets quite substantially, and that will be the best strategy, if you can possibly afford it. So I wouldn't worry about it too much. I just think that's part and parcel of what things are going to happen. But, in the long run, if you focus on how things are going to be in five or 10 years' time, these shorter-term events just generally tend to work themselves out.

**'The current Fund policy puts all new members in the Balanced option regardless of their personal circumstances. Should this be reconsidered? Other funds act differently.'**

*Alistair Barker, Head of Total Portfolio Management:*

In terms of how we think about it, we do have regard to different cohorts of members, and specifically in retirement, the Government has recently released some legislation called the retirement income covenant, and this refers to the requirement for all funds to have regards to specific cohorts of their members in terms of what products they go into.

So, I think one really important point about this is that particularly for people coming into retirement and Mark mentioned this earlier, we have to look at things holistically. And what do I mean by that? Well, in the case of people coming into retirement, the majority of our members have a government age pension, and for many of our members, it's actually the largest part of their investment income. So, you might draw some income from your AustralianSuper pension account but the biggest part of your income is often from the pension. So, in thinking about your overall risk, quite a lot of your risk is actually in a government guaranteed, inflation protected annuity. So quite a secure income. So, when we think about people's overall risk, we consider not just their AustralianSuper pension but how it interacts with the Government pension.

**'Are future mergers with other funds planned and what advantages are there for members?'**

*Dr Don Russell, Chair:*

Mergers have been an important part of the AustralianSuper growth story and it's probably fair to say that over the years, we've developed quite a capability to bring new members into the Fund, and we're particularly pleased that over the last year we've been able to successfully welcome LUCRF members and Club Plus members. We are conscious that in this time of consolidation, when a lot of funds are actually looking for other partners, that we do have responsibilities to look at mergers on their merits.



The Board has thought about this at some length and the Board is very clear that we are not interested in growth for growth's sake, that we do have the scale, that we don't have to chase scale as an objective in its own right, and that we can view possible mergers on their merits, and to be sure that when we do them, they are really in the best interests of our members, and that will be how we continue to approach this issue as we go forward.

**'Is AustralianSuper intending to invest members' money in the Federal Government's proposed public housing scheme? If so, how will members' investments be protected? Is there a guaranteed return and, if not, will members be able to opt out of having their money invested in this scheme?'**

*Paul Schroder, Chief Executive:*

There are quite a few parts to that question. I'll try to address all of them. The first part is: are we intending to invest members' money? Well, the answer is we don't know yet because it will always be, always be, a matter of risk and return and will we be getting a good enough return for the risks that we're taking.

So, what we have said is we're really absolutely committed to engaging in a discussion with the construction industry and with local government and with State Governments and with Federal Governments to see if we can be an active and positive force in the discussion about housing affordability because a lot of people are having a lot of trouble finding safe and secure housing, especially younger people. But our only lens is: will we make enough money for you out of it? And some of you might have seen that I made some public comments saying that the kind of return we need is somewhere between 6% and 11%, depending on how much risk we're taking or the risks that we're sharing with others.

So, the answer is we haven't had to consider whether we are going to invest or not because there's nothing in front of us to make a judgment about. If you ask, are we interested in engaging properly about this, of course we are because AustralianSuper members are members of the Australian community and they want to be able to live well in retirement and as they're building their balances. So, the answer is no, we haven't decided to do anything about that yet and we're working constructively, but we'll only do it if it makes you enough money for the risk that we're taking on your behalf.

The second part of that is how will members' interests be protected. Well, you'll be protected in exactly the same way as we apply the investment thesis to any other thing as part of a diversified portfolio. So don't be under any illusion: we'll only ever see this through an investing lens. But we do think that if the Federal Government released more land and if it was easier to get approvals and if construction could become cheaper because it could be done at scale, and then if we and banks were involved in that, we do think that there's an investable proposition there but it's a long, long way before we'll need to make a judgment about whether we're investing or not.

**'It seems that the size impacts are positive in terms of its services levels by a reduction of fees through economies of scale. What are the drawbacks from a growing size of fund? If there are, how does AustralianSuper assess and manage drawbacks from increasing size of the fund, particularly investments?'**

*Paul Schroder, Chief Executive:*

That's a question that's on the mind of the Executive and on the Board and all the way through the organisation. So, yes, there are definitely advantages of size and scale and bringing together skill and being bigger does allow you to have lower fixed costs per member and it allows you to do more things and it allows you to speak with a stronger voice and it allows you to attract more talented people to do the job of helping you have a bigger balance for your retirement.

As you get bigger, though, you have to do things differently, and you might recall that over the years, we've internalised investments, done more and more of that inside the Fund, and that's saved about \$1 billion over the last seven years in investment costs. But you need to keep evolving the model, and for all the members involved tonight, we're going more global; we're internalising more; and we're looking more at private assets. They're great opportunities for us to make money for you and to make more money for you than you would be able to make for yourself or be able to make in another fund.

We're very conscious, though, that you couldn't be the same and be successful at bigger scale. As we grow, we need to evolve the model. We've had Bain & Company in helping us with that, and thinking about our target operating model, because we will all - all of you online tonight - we'll all be part of a \$1 trillion dollar fund in the foreseeable future and we need to make the steps and take the actions now to make sure we've got the culture

and the talent and the people and the systems and the processes and the methods that are commensurate with a large global fund.

So, the answer to your question is we're thinking very carefully about that. We know that scale will be to your benefit because size and scale and skill will deliver you benefits, but no benefit comes without cost. And we have to think very carefully about how we'll change and how we'll evolve the model over time. As I say, we've had Bain in. We're thinking about this and we're thinking about it through a 2030 lens and beyond so that when we have this meeting next year and the year after and in 10 years' time, you can be really confident about your super and your balance and the people who are serving you to try and put you in the position where you can have the best retirement possible.

### **Conclusion and thanks**

Ms Kerlin announced the end of the question-and-answer session, thanking all people who submitted questions and advised that the recordings and minutes of the meeting including the answers to all questions would be made available on the AustralianSuper website within one month of the meeting.

## Additional questions that were unable to be answered at the AMM

### Topics

Question and answer session.....	7
1 Education.....	18
2 Advice .....	19
3 Performance .....	31
4 Service.....	64
5 Investments .....	70
6 Investment Strategy.....	75
7 Insurance .....	115
8 Economic Outlook .....	116
9 Crypto-currency .....	122
10 ESG .....	123
11 Product .....	144
12 Strategy .....	148
13 Security.....	153
14 Governance .....	157
15 Fees.....	166
16 Portfolio Holdings Disclosures.....	172
17 Member Portal .....	173
18 Financial disclosures .....	176
19 Other.....	179

# 1 Education

## 1.1 Can we have information sessions online on other nights from 7pm?

We are pleased to advise that we conduct information webinars on Tuesday, Wednesday and Thursday night and most start at 7pm (AEDT). To find out what topics are available, please visit our website <https://australiansuper.com/tools-and-advice/events-and-seminars>.

## 1.2 I would like to know when the face-to-face educational sessions offered at various venues prior to the Covid-19 lockdowns will resume.

We are pleased to advise that our face-to-face seminars have resumed. We are running 'Preparing for your retirement journey' seminars in 98 different locations this financial year. Invitations to the seminars are being sent by email to Members in the local area of the venue that the seminar is held. We will also be running Lifestyle in retirement seminars for our retired Members in March/April 2023.

## 2 Advice

### 2.1 How does a self funded retiree minimise losses in the current financial markets?

How your investment performs, is largely due to the exposure you have to growth assets such as shares and property. If you are in our Balanced Fund, this could be up to 70%. If you would like to review your investment options, to see if they are appropriate for you, you can do this with a phone adviser at no cost. Please call the contact centre on 1300 300 273 to arrange an appointment.

### 2.2 As young Father how can I Invest my super to achieve my early retirement goal?

There's more than one way to grow your super for the retirement you want to achieve. The following link provides more about your options available. <https://www.australiansuper.com/superannuation/grow-your-super>

is also important to be aware of when you can access your super, this will depend on when you were born. From 1 July 2024 it will be age 60 for everyone. If you are planning to retire early then this age, then you will need to have assets outside the super environment to enable you to meet your retirement income needs

We encourage you to seek personal advice to discuss your unique journey: <https://www.australiansuper.com/tools-and-advice/your-advice-options>

### 2.3 Is it better to leave money in the bank and put money in super at the bottom of the market?

Your account balance may go up or down due to several factors.

#### a. Contributions

If your account is in the accumulation phase you may be receiving contributions that will help to increase your account balance. These may be SG contributions from employers, personal contributions, and in some cases contributions from spouses or the government.

Find out more about contributions via <https://www.australiansuper.com/superannuation/grow-your-super>

#### b. Investment returns

Your money will be invested in assets and generate an investment return over time. As the value of investments fluctuate, your balance will change accordingly and could go up or down.

Investment returns and risk will vary depending on the investment option you've selected. Our PreMixed options are diversified across different asset classes to help protect your retirement savings against market ups and downs.

Find out more about investment options via <https://www.australiansuper.com/investments/your-investment-options>

### 2.4 Could I have a session with a financial adviser?

Please call 1300 300 273 (8am to 8pm AEST/AEDT weekdays), we will arrange an appointment for you and ensure that you talk the right adviser that suites your advice needs.

- Simple\* – get general information or simple, personal advice by calling 1300 300 273 (8am to 8pm AEST/AEDT weekdays)
- Comprehensive\* – get broader personal advice in a face-to-face meeting with a financial adviser. You can arrange an appointment by calling the number above or finding an adviser online via <https://www.australiansuper.com/find-an-adviser>

Find out more about your advice options via <https://www.australiansuper.com/tools-and-advice/your-advice-options>

\*Conditions apply.

### 2.5 What is the best way to manage Super for Self employment

Given everyone has different needs and being self-employed, it would be a great idea to contact us on, 1300 300 273 (8am to 8pm AEST/AEDT weekdays). You will be able to speak to one of our staff who will be able to assist you with general information or refer you onto an adviser to give advice on how to best manage your superannuation for your circumstances.

## 2.6 Do we have a financial advisor we can talk to about super changes

Yes, you can access a Financial Advisor at AustralianSuper. See your options below:

- Online – get general information online from our website which offers different resources including online calculators, fact sheets and publications via our website <https://www.australiansuper.com> or <https://www.australiansuper.com/tools-and-advice/calculators>
- Simple\* – get general information or simple, personal advice by calling 1300 300 273 (8am to 8pm AEST/AEDT weekdays)
- Comprehensive\* – get broader personal advice in a face-to-face meeting with a financial adviser. You can arrange an appointment by calling the number above or finding an adviser online via <https://www.australiansuper.com/find-an-adviser>

Find out more about your advice options via <https://www.australiansuper.com/tools-and-advice/your-advice-options>

\*Conditions apply.

## 2.7 What can be done by the Super to stop the fall in the worth of superannuation funds for people who want to retire but can't.

At AustralianSuper, we're closely monitoring market signals every day and taking steps to minimise the impact of adverse market movements on your retirement savings and position your super for long-term growth.

Your balance can go up and down with movements in investment markets and the investment returns credited to your account. Negative interest will correspond to investment losses.

Investment returns and risk will vary depending on the investment option you have selected.

Investing in a mix of investments (diversification) could help protect your investments against market ups and downs. Spreading your investments across a variety of companies, industries and regions in different asset classes could help reduce the risk of negative returns.

Our PreMixed options are diversified across different asset classes and this is one of the ways we help protect your retirement savings against market ups and downs.

Find out more about our different investment options via <https://www.australiansuper.com/investments/your-investment-options>

You can also view our past performance via <https://www.australiansuper.com/compare-us/our-performance>

You can discuss your own personal situation with one of our advice options:

- Simple\* – get general information or simple, personal advice by calling 1300 300 273 (8am to 8pm AEST/AEDT weekdays)
- Comprehensive\* – get broader personal advice in a face-to-face meeting with a financial adviser. You can arrange an appointment by calling the number above or finding an adviser online via <https://www.australiansuper.com/find-an-adviser>

Find out more about your advice options via <https://www.australiansuper.com/tools-and-advice/your-advice-options>

\*Conditions apply.

## 2.8 How do I prevent my savings being eroded by negative returns when I am in pension mode? Eg when I compare June2022 and June2021 statements? Jun22 statement showed that all of my contribution into the fund is not sufficient to cover the year's losses, even though I have chosen my asset class investment very conservatively in the last 5 years.

Financial markets are complex and can change quickly. Asset classes like shares or fixed interest may perform well one year but perform poorly the next. For these reasons two investment fundamentals are paramount: always seek to take a long-term view and suitably diversify your portfolio. Furthermore, don't seek to chase or avoid performance by trying to time market movements. Rather trust in a long-term investment strategy, with an emphasis on overall portfolio diversification.



If you would like to discuss your own circumstances in more detail you can use our 'find an adviser' tool <https://findadviser.australiansuper.com/home> or alternatively, please speak with our contact centre on 1300 300 273.

## **2.9 With a very uncertain global economic outlook, where Australia may not be spared, what is the best strategy for retired super investors during a most likely scenario of a recession?**

The financial markets are constantly trying to predict the future, which is very difficult to get right. The markets have already priced the chance of Australia falling into recession. When markets move up or down unexpectedly it is invariably due to unexpected news.

This means trying to anticipate or time market movements is extremely difficult. The most appropriate investment strategy is more dependent on your risk profile than your age. We suggest therefore that you contact the Fund or a qualified Financial Planner to determine what is the best long term strategy for you.

If you would like to discuss your own circumstances in more detail you can use our 'find an adviser' tool <https://findadviser.australiansuper.com/home> or alternatively, please speak with our contact centre on 1300 300 273.

## **2.10 At 56 years of age, should I stay in the balanced fund or move to the stable fund?**

The most appropriate investment strategy is more dependent on your risk profile than your age. A younger person may be quite conservative and an older person aggressive, it depends on the individual as to what level of volatility they are comfortable with. It is also worth remembering that your super may be invested for many more years and in fact is a lifetime investment for many. So, your time frame at age 56 may still be long if you plan to keep your money invested in super through a retirement pension.

## **2.11 Some financial advisors recommend allocating several years-worth of anticipated living expenses into a cash or stable component. This enables the member to draw down on that cash (or stable) component whilst share markets are contracting. Is this a reasonable strategy in these uncertain times?**

It comes down to personal preference. While drawing the initial years income from cash can reduce the risk of drawing funds from other assets when the market is down, allocating more than may be appropriate according to your risk profile to cash also reduces the opportunity for growth when markets recover. Another thing to consider with this strategy is that as you use up your cash you will by default have a more aggressive investment strategy as your cash diminishes in relation to your other assets such as shares. Therefore, it may require a more hands on approach to ensure that you are still comfortable with your overall asset allocation through the years.

## **2.12 Is cash the safest place for money at this moment given the current global situation?**

Sitting in cash may feel secure during market volatility, however the risk one faces is they miss the recovery. We only know a recovery has occurred after the fact. In fact, history has shown that the market recovers and exceeds the previous high. While it may be scary to go through volatility, keeping a long-term perspective is very rewarding.

## **2.13 For a 40 something person medium income what is the best type of growth fund**

As you still have around 20 years before accessing your Super, you could afford to take more risk than a pre-retiree. If you would like to talk through your investment options with our phone advisers, you can do this at no cost by calling 1300 300 273 and requesting an appointment.

## **2.14 How much earn superannuation for longevity life after retirement?**

It depends on how much income you wish to live on in retirement and how long you would like that income to last. Please see our super projection calculator at <https://www.australiansuper.com/tools-and-advice/calculators/super-projection-calculator>. If you would like to discuss your own personal situation in more detail, you can use our 'find an adviser' tool <https://findadviser.australiansuper.com/home> or alternatively, please speak to our contact centre on 1300 300 273 for assistance.

**2.15 I am almost 53 years old and would like to plan for my retirement at 60. What are the options for keeping my super invested after my retirement so as to get steady income as well as earn interest on the balance in super. Also, what about life insurance via super?**

Super can remain invested after retirement in most cases. Account based pensions are designed to pay a regular income in retirement and also allow funds to be invested. Yes, life insurance can be obtained via super. Please see our 'Preparing for your retirement journey' guide at <https://www.australiansuper.com/journey> If you would like to discuss your own personal situation in more detail, you can use our 'find an adviser' tool via <https://findadviser.australiansuper.com/home> or alternatively, please speak to our contact centre on 1300 300 273 who can assist you.

**2.16 Difference between options to claim superannuation lump sum or fortnightly payments and tax implications for each option.**

In order to access superannuation, a member needs to have met a condition of release. Once this has been done, access can be via a lump sum taken from the accumulation account or via moving funds into pension phase, in either a Choice Income pension or a Transition To Retirement.

The tax implications of each, depend on a members' age. Generally, once a member has turned age 60 there is no tax payable on withdrawals from super. However, if a person is under age 60 there are differences in the tax treatment of different withdrawal methods, depending on their individual situation.

Information on accessing super, including rules relating to tax payable for those under 60, can be found on the fund website at <https://www.australiansuper.com/retirement/access-super> You can contact the fund direct on 1300 300 273 to speak to a phone adviser as a good first step or seek support via: <https://www.australiansuper.com/tools-and-advice>

**2.17 What are the advantages of investing a capital to my super? apart from my normal contribution.**

There are a number of advantages in investing extra funds into super and there are several ways members can do this. As there are different types of contributions it is important to consider discussing this with your fund as there are limits that apply, that may also be dependent on age and your super balance. There can also be advantages of one type of contribution over another, depending on your individual situation. Information on contributing to super can be found on the fund website at <https://www.australiansuper.com/superannuation/grow-your-super> You can contact the fund direct on 1300 300 273 to speak to a phone adviser as a good first step or seek support via: <https://www.australiansuper.com/tools-and-advice>

**2.18 In the case of currently highly volatile markets especially with the potential downturn of the share market, what steps can we take to ensure that we aren't left with scraps of super?**

When it comes to investing two points are paramount: the first is to always think long term and the second it to ignore the media noise and stay focused.

Part of investing successfully over the long term is to not seek to chase or avoid portfolio performance by trying to time market movements. Rather it's better to trust in a long-term strategy, with an emphasis on overall portfolio diversification.

The second is to ignore the media-noise. Investors are constantly bombarded via mainstream and social media on all the present negatives that impact markets. Over the past two decades alone there have been numerous triggers that have caused financial market volatility. These include – but are not limited to - recessions; tech bubbles, terrorist attacks; the Global Financial Crisis and of course COVID-19. But post these events there was a corresponding bounce-back and a continued trend of increased investment value and returns over the longer-term. Therefore, sometimes it's wise to just turn the noise off and continue to focus on managing your wealth over the medium to longer term.

If you would like to discuss your own circumstances in more detail you can use our 'find an adviser' tool <https://findadviser.australiansuper.com/home> or alternatively, please speak with our contact centre on 1300 300 273.

## **2.19 I'm 68 with Au Super, How is best way to use my money, No other income, small super.**

If you are intending to take an income from your super you could consider our Choice Income Product. More details can be found here: <https://www.australiansuper.com/retirement>. If your income requirements need to be considered along with Centrelink, then you should consider seeking personal advice which you can request via our contact centre.

## **2.20 I would like to grow my super what are my best options? And,**

### **2.21 How to increase super?**

There are several ways you can potentially improve your super balance. Often, many people find that contributions are an important step - a contribution is a deposit to a superannuation account. As there are different types of contributions it is important to consider discussing this with your fund as there are limits that apply, that may also be dependent on age and your super balance. Additionally, reviewing your investment approach may also assist, however, there are risks associated with any investment - returns can go up and down in any period. It would be wise to discuss this with the fund. You can contact the fund direct on 1300 300 273 to speak to a phone adviser as a good first step or seek support via: <https://www.australiansuper.com/tools-and-advice>

### **2.22 Could you please think about starting a program that pays for low income/concession card holders to access 1 free session with a financial adviser to gain advice on their super? You already provide information but it's not 'proper' financial advice so I think it would be very beneficial to a lot of people.**

At AustralianSuper, we have several different levels of support that may assist. Fund Advice staff can assist - often at no, or low-cost for advice - on a range of issues including: investment switching, contributions to super, insurance in super and retirement options. For more 'comprehensive' advice, we have Financial Planners (licensed by IFS) to assist if you are seeking a more 'holistic' advice approach (such as covering Centrelink, non-super investing and such) - this may carry a higher cost as it relates to the complexity of advice and the scope of discussions based on your needs. Contacting the fund via 1300 300 273 or via <https://www.australiansuper.com/tools-and-advice> would be a great first step.

### **2.23 If I transfer from an overseas super fund into my account here, are there any tax implications? Also, being on a short term visa in Australia, are there provisions to transfer out the whole balance in my account to another country?**

Under Australian tax law, amounts you transfer from a foreign super fund may be subject to tax. Depending upon the rules of the foreign super fund, you may be able to transfer an amount to a complying Australian super fund, which may have to pay income tax on some or all of the amount. There are a number of rules and considerations depending upon an individual situation, foreign fund rules, amount, tax implications as well as Super contribution limits which may also apply. Departing Australia has eligibility requirement you will need to meet to claim your Australian superannuation payment (DSAP) after you leave. See [ATO.gov.au](http://ATO.gov.au)

### **2.24 How do I know if SMSF will be a better option for me or not?**

If you would like to discuss your own circumstances in more detail you can use our 'find an adviser' tool <https://findadviser.australiansuper.com/home> or alternatively, please speak with our contact centre on 1300 300 273.

### **2.25 What should be done by retirees who see their returns dwindling in current situation?**

You can speak with an adviser over the phone who can help you determine your risk tolerance and what the right investment strategy is for you: <https://www.australiansuper.com/tools-and-advice/your-advice-options>

Further information on the investment strategy, outlook and performance is available in the AMM recordings and following pages.

**2.26 Is it able to predict how much superannuation you need in retirement based not only on lifestyle but also where you live ? Will Australian Super continue to develop their calculators to accommodate different circumstances ?**

Each year, annual statements are generally issued within 4-5 months after the end of financial year. Legislation dictates they are to be sent no later than 31st December of the same year. Annual statements were issued and delivered at a similar time last financial year. If you are seeking information to assist with your tax return, please contact us on 1300 300 273 between 8AM and 8PM AEST/AEDT so that we can assist with your query.

**2.27 For retirees aged 80 years is balanced option OK or conservative balanced safer in current volatile conditions**

The Balanced option is considered high risk, and the Conservative Balanced option is medium-to-high risk. As such, both options can be volatile. We recommend that you speak with a financial adviser to find out which investment option is right for you during both stable and volatile conditions. AustralianSuper provides access to phone-based advisers which is a service at no extra cost to you.

You can speak with an adviser over the phone who can help you determine your risk tolerance and what the right investment strategy is for you:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

**2.28 How does AS support younger and less employees who need support understanding super and investment options?**

AustralianSuper has Advice options for all of our members, including younger members.

Anyone can begin their advice journey by calling us on 1300 300 273. Our team will review your advice needs and refer you to an advice professional.

You can also register your interest via the following web page:

<https://www.australiansuper.com/find-an-adviser>

**2.29 The lawyer who updated my will has advised me to appoint a mandatory beneficiary on an indefinite time period. However, AustralianSuper only permits such an appointment for 3 years. Why is that?**

AustralianSuper does not offer non-lapsing death benefit nominations as they are more capable of being invalidated and, as such, pose a higher risk to the Trustee. A binding death benefit nomination is required to be reviewed every 3 years thus making it more legally sound.

There are options available when deciding what happens to your money in the event of your death. More information about this can be found at: <https://www.australiansuper.com/superannuation/access-your-super-early/nominate-a-beneficiary>

**2.30 Can someone explain the booster bonus in more detail when you turn 65.**

Balance Booster is a tax saving that AustralianSuper passes on to you when you move your existing AustralianSuper super (or TTR Income account) to a Choice Income account and you meet the eligibility requirements. This is not necessarily turning 65, but is based on the move from super (or TTR) to Choice Income pension (ie you may be preservation age and retired, hence, can commence a Choice Income account even if under 65).

You'll be eligible for a Balance Booster payment if you meet these conditions:

- you've been a super or TTR Income member for a full calendar month or more; and
- you're invested in one of the investment options available for a Balance Booster.

If you're moving from a super account, any Balance Booster amount will be credited to your new Choice Income account the day it's opened.

If you're changing from a TTR Income account to a Choice Income account, the Balance Booster amount will be credited to your Choice Income account the day we change your account type.

Find out more via <https://www.australiansuper.com/retirement/balance-boosters>

### **2.31 When I receive an employer contribution and it appears in the transaction summary, does it mean it's already credited into my account?**

That is correct. Employer Super Guarantee (SG) contributions are generally taxed at 15%. The net contribution will begin receiving investment returns (which can be positive or negative) from the date the funds are received by AustralianSuper.

Find out more about tax and super contributions:

<https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/superannuation/fact-sheets/tax-and-super.pdf>

### **2.32 From the ATO website: "Account-based pensions can't have a residual value". What happens to the balance upon my death?**

Members can choose to leave their remaining balance to a beneficiary. AustralianSuper offers three types of beneficiaries: a binding, non-binding or reversionary beneficiary (the last being only an option for account-based pensions).

- A non-binding nomination means the Trustee is not bound by a member's nomination, but will use it as a guide, and may consider alternative arrangements.
- A binding nomination means a member's nomination is legally binding on the Trustee, as long as it remains valid. A binding nomination can be valid for up to 3 years after which it will need to be updated or renewed.
- Members with a Choice Income account can make a reversionary nomination. This means a Choice Income account will be transferred to the beneficiary's name and they'll receive regular income payments from the account until the balance reaches \$0, or they decide to take the monies as a lump sum.

We recommend you seek legal advice on estate planning matters. In the meantime, you can find out more about nominating beneficiaries via

<https://www.australiansuper.com/superannuation/access-your-super-early/nominate-a-beneficiary>

### **2.33 I am in medical pensioner, can I withdraw my super fund earlier than retirement age ?**

If you're diagnosed with a terminal illness or are permanently incapacitated, you may be able to claim some or all of your super. Please call us on 1300 300 273 or visit <https://www.australiansuper.com/contact-us> and we can assist you.

### **2.34 If a binding nomination expires at a certain date and one becomes very sick and is not able to fill out a new form and let it sign by witnesses. How does one deal with that problem?**

Thank you for your question. We recommend you seek legal advice in this area to discuss the options available for your situation.

### **2.35 How are you able to offer more affordable personal financial advice?**

Please register your interest via the following link so we can assess your situation and provide you with indicative costs that may be payable in order for you to receive advice: <https://www.australiansuper.com/tools-and-advice/your-advice-options>

We offer access to phone-based simple advice which may be at no additional cost, and where more comprehensive advice is needed about AustralianSuper, members may be able to cover the cost through super.

### **2.36 Why does the binding beneficiary nomination lapse after three years? This is not aligned with what a will states.**

It is true that wills are treated differently to superannuation benefits. AustralianSuper does not offer non-lapsing death benefit nominations as they are more capable of being invalidated and, as such, pose a higher risk to the

Trustee. A binding death benefit nomination is required to be reviewed every 3 years thus making it more legally sound.

We recommend you seek legal advice on estate planning matters. In the meantime, more information about this can be found at: <https://www.australiansuper.com/superannuation/access-your-super-early/nominate-a-beneficiary>

### **2.37 What is the fee to receive financial advice to ensure I have maximised my returns for retirement?**

For simple personal advice on your AustralianSuper account, such as: making an investment choice, adding extra to your super, and personal insurance through super, members can speak with an advice team member over-the-phone (1300 300 273) at no extra cost. Where the advice relates to retirement planning (including transition to retirement), a fee of \$295 is payable.

If your situation is more complex, requiring tailored and comprehensive advice, you can meet with a professionally qualified financial adviser face-to-face or via secure video link.

The amount payable depends on your situation, goals and needs. Typically, our fees range from \$2,900 to \$4,000 for this higher level of service. Where the advice relates to your AustralianSuper account, you may be able to fund this from your super balance.

To see your advice options, please go to <https://www.australiansuper.com/tools-and-advice/your-advice-options>

### **2.38 Can Australian Super propose options for members who prefer passive investment (index based) approach?**

AustralianSuper's investment options are actively managed however we do offer a Member Direct platform, which can provide access to index investments. We do recommend members seek financial advice first. For more information visit: <https://www.australiansuper.com/investments/your-investment-options/member-direct>

### **2.39 I have a large sum in choice super can I draw it out at any time Ans put it into an ASB account in Australia and live off my own money?**

This is a complicated question to answer and to ensure we answer it correctly, we need to ask you additional questions. Please register your query via the following link so we can follow up with you soon:

<https://www.australiansuper.com/find-an-adviser>

Alternatively, you can call the Fund directly 1300 300 273.

### **2.40 What are the advantages to invest in Balanced (Growth) Fund versus High Growth Fund? It looks like both funds have similar returns. Both Funds expect average 10 years cycle. Therefore may I know is there much benefits from changing Balanced to High Growth or vice verse? Duration 12-15 years before retirement**

The High Growth option has a higher exposure to growth assets, which can cause more volatility in your portfolio in the short term. To ensure that you are in an investment option that suits your risk profile please look at the links below and seek professional advice. The fund offers advice at no additional cost on investment choice:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

### **2.41 May I hold Account-based Pensions with more than one Super Fund (of mine) at the same time - or could I hold more than one with Aus Super?**

Yes, it is possible to hold Account Based Pensions with more than one super fund and one may hold more than one account-based pension with Australian Super also (as long as you are below the transfer balance cap, which is currently up to \$1.7 million). We recommend you seek advice on how best to structure your retirement affairs.

<https://www.australiansuper.com/find-an-adviser>

Alternatively, you can call the Fund directly 1300 300 273



#### **2.42 I am in retirement phase and in Investment Option of Growth. Will it be safe for me to switch over to Balanced option.**

The concept of safety varies from person to another.

Ultimately, what investment option is right for you depends on your own circumstances, timeframes and your risk tolerance.

The following link has more information about investment options at AustralianSuper:

<https://www.australiansuper.com/investments/choosing-the-right-option>

You can seek advice from a Financial Adviser by registering your interest via the following link:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

#### **2.43 Is it helpful to salary sacrifice during volatile periods e.g. Year 2022 to average out the losses using dollar cost averaging?**

The answer to this is that it depends on your situation, whether you already were intending to contribute to super and what your financial goals are. We would recommend you seek personal financial advice to determine if this is a strategy that can be of benefit to you. The fund offers advice at no additional cost on salary sacrificing:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

#### **2.44 Can the residual value of my Account-based pension be paid to a nominated beneficiary (upon my death) - as a lump sum amount?**

Members can choose to leave their remaining balance to a beneficiary, and this can be taken as a lump sum.

AustralianSuper offers three types of beneficiaries: a binding, non-binding or reversionary beneficiary (the last being only an option for account-based pensions).

- A non-binding nomination means the Trustee is not bound by a member's nomination, but will use it as a guide, and may consider alternative arrangements.
- A binding nomination means a member's nomination is legally binding on the Trustee, as long as it remains valid. A binding nomination can be valid for up to 3 years after which it will need to be updated or renewed.
- Members with a Choice Income account can make a reversionary nomination. This means a Choice Income account will be transferred to the beneficiary's name and they'll receive regular income payments from the account until the balance reaches \$0, or they decide to take the monies as a lump sum.

We recommend you seek legal advice on estate planning matters. In the meantime, you can find out more about nominating beneficiaries via

<https://www.australiansuper.com/superannuation/access-your-super-early/nominate-a-beneficiary>

#### **2.45 Does Aus Super offer (sell) Annuities? If so, where can I find out details of the options etc.?**

AustralianSuper does not currently offer annuities. We recommend you seek advice on how best to structure your retirement affairs: <https://www.australiansuper.com/tools-and-advice/your-advice-options>

#### **2.46 If I want to add to the funds in my Pension account (after it has been set up) - do I have to open a second account - if so what's involved in doing this?**

An account-based pension cannot have monies added to it once it has been opened. Members can open a second pension account.

To create a new super account, you can either complete the Join AustralianSuper form in our Personal Plan PDS, or apply online via our website [australiansuper.com/join](https://www.australiansuper.com/join) [<https://www.australiansuper.com/member-join/#/>]

Please note, there are balance caps and potentially Age Pension implications. We recommend you seek advice on how best to structure your retirement affairs: <https://www.australiansuper.com/tools-and-advice/your-advice-options>

**2.47 I am 58 years of age and wondering how to get the nest out of my superannuation to semi retire at 65? My wife has a similar balance to mine at the moment with another fund. Expect to have a small mortgage below \$50k at 65 years of age. Wife is employed full time also.**

There are a number of different options available to maximise your position prior to retirement. We aren't able to answer personal advice questions via this forum however you might find it useful to book in with a financial planner introductory meeting. You can find out more about financial planning using this link  
<https://www.australiansuper.com/tools-and-advice/your-advice-options>

You can also book yourself in for a meeting using the find an adviser tool via this link  
<https://findadviser.australiansuper.com/home>

**2.48 Will the income I receive from super stay the same, despite a possible recession?**

In pension phase, our members choose the amount of income they wish to draw from their Choice Income Account Based Pension (ABP) accounts. You must be paid a minimum percentage of your account balance, which is calculated at the beginning of each year. Regardless of market movements, drawdowns are taken from both the earnings and capital in a member's Choice Income investment. You can choose to be paid every two weeks, once a month, once every three months, twice a year or once a year.

It is important to look at whether a person's funds will provide enough retirement income throughout retirement, so it is worth looking at our calculators online or working with one of our financial advisors to explore this further.

You can visit our website to have a look at the different advice options available at

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

**2.49 Does OZ Super provide any special concessions for members above 70 still working.**

No, the Fund does not offer any specific concessions for members above age 70 still working. To ensure we have understood your query and so we can assist you best, please call the Fund directly on 1300 300 273.

**2.50 Is it possible to add the passive (index) option to Australian / International Shares in the DIY Mix?**

AustralianSuper's investment options are actively managed however we do offer a Member Direct platform, which can provide access to index investments. We do recommend members seek financial advice first. For more information visit: <https://www.australiansuper.com/investments/your-investment-options/member-direct>

**2.51 I am 63 years old and not working full time I want to retire in the next couple of years and don't want to gamble the funds I have accumulated. How can I secure my balance against market forces I am in the stable strategy.**

The concept of safety varies from person to another.

Ultimately, what investment option is right for you depends on your own circumstances, timeframes and your risk tolerance.

The following link has more information about investment options at AustralianSuper:

<https://www.australiansuper.com/investments/choosing-the-right-option>

You can seek advice from a Financial Adviser by registering your interest via the following link:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

**2.52 I'm 67 years old can I continue to add to my super?**

People can generally contribute up to age 75. The following link has more information:

<https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/superannuation/fact-sheets/add-to-your-super-and-retire-with-more.pdf>

### **2.53 Where is the best place to start getting Financial Advice to be ready for retirement and how do you know you can trust the advice.**

You can begin your advice journey by calling 1300 300 273 and our team members will be able to book you in with one of our trusted advisers suited to your needs.

Financial advisers are required to meet education and training standards and must adhere to a Code of Ethics. You can find out more about a particular financial adviser by viewing the MoneySmart Financial Adviser Register: <https://moneysmart.gov.au/financial-advice/financial-advisers-register>

AustralianSuper offers access to financial advice which is simple in nature on AustralianSuper products, and can be done over the phone, often at no additional cost.

AustralianSuper also offers access to more complex and comprehensive financial advice. There is a cost for this service as it is not limited to AustralianSuper products, however, to assist in the advice journey, the first meeting with an adviser is at no additional cost. In this initial meeting you can get to know the adviser and the services they provide, and you can then decide if you wish to proceed with that adviser.

You can seek advice from a Financial Adviser by registering your interest via the following link:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

### **2.54 Is it wise to switch to cash from stable and conservative balanced, because of the talk of a recession, etc. How does it work. I'm 74 and thinking if we do have a recession and the market takes 10 years to recover, well that makes me 84?**

As this is a personal question, we are unable to answer this without more information. Please raise your questions via the following link so we can organise to discuss this in greater detail:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

### **2.55 I am now almost retiring age. My question is " our super money is very important for our retirement, due this uncertainty economical climate, what safe guard the Australian Super considering for us, we do not have to loose more money (super money) this difficult economical upheaval. Thank you.**

The concept of safety varies from person to person. Each investment option available with AustralianSuper varies in respect to risk. The Fund endeavours to minimise risk and maximise returns by diversification across the asset classes. Over a lifetime of investing, members can expect a lot of ups and downs in different parts of the financial markets. What assets the underlying Investment options hold will be the lead indicator as to what positive or negative returns a person may receive.

Ultimately, what investment option is right for you depends on your own circumstances, timeframes, and your risk tolerance.

We recommend you seek advice. Please register your interest via the following link:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

### **2.56 Safest place to position my super.**

The concept of safety varies from person to person. Each investment option available with AustralianSuper varies in respect to risk. The Fund endeavours to minimise risk and maximise returns by diversification across the asset classes. Over a lifetime of investing, members can expect a lot of ups and downs in different parts of the financial markets. What assets the underlying Investment options hold will be the lead indicator as to what positive or negative returns a person may receive.

Ultimately, what investment option is right for you depends on your own circumstances, timeframes, and your risk tolerance.

We recommend you seek advice. Please register your interest via the following link:

<https://www.australiansuper.com/tools-and-advice/your-advice-options>

**2.57 I would like advice sent to me regarding investment options when market has changed significantly.**

Thank you for your question. If you are concerned about market movement, our phone-based advice team is on hand to answer any questions and concerns you may have. If you decide that changing investment option is appropriate, they can provide you with advice on this. Their contact number is 1300 300 273

**2.58 Why is Australian super farming out financial advice to a 3rd party. I had bad experience with 3rd party.**

Thank you for your question, and sorry to hear that you have had a bad experience in the past.

It is not uncommon for a super fund to outsource certain services. We have a number of advice services that we offer for various advice needs.

We have a phone advice service for general and simple personal advice and have financial advisers who are employed by AustralianSuper but are licenced by a third-party to deal with more complex advice needs. We also have an external adviser network for any members who's needs cannot be met by an adviser employed by the fund or who choose to use the services of their preferred adviser.

If your bad experience was about one of our 3rd parties, we would like to hear more. Please call us on 1300 300 273 or send the details to [complaints@australiansuper.com](mailto:complaints@australiansuper.com)

## 3 Performance

### 3.1 Can you please discuss the 'Net Benefit' figures for FY 2021\_22 to members. Thank you

The MySuper dashboard provides the net of all fees return for the Balanced option. The 1-year return was -2.97 for 1 year and the average annual return over 10 years is 9.14% per annum, net of all investment fees and costs, taxes and administration fees for a \$50,000 balance. Additional details are available via: <https://www.australiansuper.com/compare-us/mysuper-dashboard>

Longer-term net benefit comparisons are available at: <https://www.australiansuper.com/compare-us>

### 3.2 Could a accurate real time record of fluctuations in a graph form, rather than just a total.

Thank you for your feedback on how we display performance. We can use your feedback to improve our website in the future.

While we do provide daily crediting rates, the daily performance is not in graphical format.

Performance information available at:

<https://www.australiansuper.com/compare-us/our-performance>

### 3.3 Despite adding to my super every month, my super is now totalling less than this time last year. What can be done to remedy this situation?

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### 3.4 Does Aust Super provide daily unit price of each investment option? so that member can know no. of units heldx unit price = total value of investment (like what Aware Super is doing)

AustralianSuper uses a crediting rate process to allocate returns for members. Both unit pricing and crediting rates provide the same result in terms of investment return for the investment options. AustralianSuper has considered the possibility of transitioning to unit prices and is weighing the cost and benefits of moving to a unit pricing system.

### 3.5 Got negative investment income, why?

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.6 Grateful for some coverage as to reasons for the losses experienced by investors in the Fixed Interest investment category. This traditionally has been regarded as a "safe haven" in times of intense market volatility.**

The fixed interest asset class was impacted by an unusual combination of economic and market factors in 2022. You can read more about what happened here: <https://www.australiansuper.com/investments/investment-articles/2022/08/understanding-fixed-income-performance>

### **3.7 Has the Conservative Balance option the same priority/resource allocation than the Balance investment option at Australian S.F.? When looking at the long term history, even in bad return times, the Balance option is not performing below the Conservative Balance option ( or only marginally in very few cases/e.g. last year Conservative Balance was worth than Balance option as well) . For my personal circumstances, I have been advised to invest slightly more conservative, but I'm loosing now confidence with this strategy.**

While the Conservative Balanced option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns. At an asset class level, the Conservative Balanced and Balanced options invest in the same pool of assets.

The Conservative Balanced option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

### **3.8 Has the Ukrainian war affected the investment choices in the Australian super offerings. What impact has the war had on returns?**

The war in Ukraine has and continues to impact the global economy. We've seen the global supply chain affected, resulting in higher food and energy costs. These have impacts on household budgets, consumer consumption and, subsequently, corporate profitability. As with other macroeconomic and geopolitical factors prevailing this year, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.9 I would like to know why my Choice Income a/c has reduced so much? This is a big concern to me as I am full retired and rely on this income. Please explain?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

### **3.10 How competitive the fund overall performance (return and fees) against others including private and industrial funds?**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced



option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.11 How did Australian super performance compare with other super funds?**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.12 How do you think the performance will be impacted over the next 12-24mths?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.13 How fund will perform this financial year while last year was not very promising**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.14 How has Australian Super performed over the past year compared to other "balanced" superannuation funds? Specifically (i) financial year end 30 June 2022 and (ii) quarter one end 30 September 2022?**

AustralianSuper's Balanced option outperformed most of its peers, both in the year ending 30 June 2022 and the quarter ending 30 September 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. The median balanced option returned -0.56% for the quarter ending 30 September 2022, compared to the AustralianSuper Balanced option's return of -0.38%. Additionally, AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022 and 30 September 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.15 How has the War in Ukraine affected our Super and for how long is it going to be affecting it ?**

The war in Ukraine has and continues to impact the global economy. We've seen the global supply chain affected, resulting in higher food and energy costs. These have impacts on household budgets, consumer consumption and, subsequently, corporate profitability. As with other macroeconomic and geopolitical factors prevailing this year,

AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.16 How long it will take my super fund to recover its losses for the past 2 years?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.17 How was the performance of the fund vis a vis other industry funds and why it went negative ?**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

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### **3.18 I joined last year from Aware super, immediately in a month lost from my fund why is that ?**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.19 I joined this super provider over a year ago and so far my super has gone down by all the super contributions I've made since joining, why should I stay with you ?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

AustralianSuper's focus is to maximise investment returns over the long term. We invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**3.20 I would like to know why when my employer pays into my fund each month you withdraw it almost straight away, I need this explained. See screen shots each Friday of the massive losses if this can't be explained and doesn't stop it will be in the hands of the ombudsman [personal details removed]**

Your investment balance is subject to a number of factors:

1. Member transactions
2. Contributions tax - payable to the ATO
3. Administration fees
4. Insurance premiums
5. Crediting rate for the investment option(s) where a member is invested

For investment performance, our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

**3.21 I'd like to know why my fund has been stagnant for around 9 months while with my own contributions over \$750 a month goes in.....?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

**3.22 Investment performance outlook**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

**3.23 Investment return has been declining compared to other super fund, reasons?**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable

indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.24 Is the return rate going to increase or decrease in 2023**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

<https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **3.25 Just would like to know about the growth.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.26 Last two years instead of increasing, my fund is decreasing. Why? If I want to hold all investment and keep cash, how can I do?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

If you're considering making any changes, consider speaking with a financial advisor. You can also read more here: <https://www.australiansuper.com/investments/investment-articles/2021/10/understanding-switching-risks>

### **3.27 Why your experience analysts did not consider this or identify and forecast a better option for its clients and offer recommendation to minimize the fall?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.28 Last year instead of increasing Super why there was decrease at the end of financial year ?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

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### **3.29 My estimated super hasn't grown much in the past year when compared to other years. Why?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

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### **3.30 Obviously stock market is going down and everyone is losing money and we pay fees for you to manage our money so what is the solution**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

#### **Fees and costs**

AustralianSuper is proudly a profit-for-member fund. This means our fees cover the cost of running the Fund and any profits go to members. Our investment fees and costs reflect the actual amount it costs to invest on our members' behalf, so we can help them to achieve their best financial position in retirement.

Given different market conditions and investment activity these investment fees and costs can change from year-to-year, but they are always considered through a members' best financial interest lens.

### **3.31 Performance of Australian super for this recent months is not good, my funds is going backward. Any explanation ?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We



are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.32 Performance of Stable Option**

While the Stable option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns.

The Stable option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

### **3.33 Please be so kind to advise how do you see the Australian Super performance, compared to the other superannuation funds in Australia**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

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### **3.34 Please elaborate in detail on how your statement of Returns averages are calculated. For Example, 1 Year, 3 Years, 10 Years Returns average. Your published Returns do not seem to tally with my own personal calculations.**

The "How to use AustralianSuper Crediting Rates" document provides examples to calculate compound and average annual returns.

Available at:

<https://www.australiansuper.com/compare-us/our-performance>

<https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/using-australiansuper-daily-rates.pdf>

### **3.35 Please explain the appalling performance of International Shares and Indexed Diversified funds. What does the company intend to do to avoid similar performance in the future?**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on the profitability of companies which supports their company valuations.

International shares

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance,



we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### Indexed Diversified option

The indexed Diversified option has a passive investment objective. The option's performance reflects the underlying returns of the investment markets where it invests, which includes Australian shares, international shares, Australian fixed interest and cash.

### **3.36 Please explain the massive volatility of balanced and high growth options. Does the Fund need to take a more conservative role as it seems the Funds performance mirrors the Australian Stock Market.**

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

### **3.37 Please tell more about super Performance.**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

### **3.38 The conservative balanced fund has made a loss. Given global uncertainty and recovery from Covid, when do you believe the fund will improve its returns and at what level?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

<https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **3.39 The decrease in super amount being down, does this mean that the stocks held will eventually go back to the value they were ?? And therefore the overall value of what my super was will be that again ?**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on the profitability of companies which supports their company valuations.

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### **3.40 What are your performance % targets for next 2 and 5 years?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

#### **3.41 What are your predictions for how the fund will perform in 2023?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

#### **3.42 What is % return we are looking for this year for mixed of balance and high growth Thanks**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

#### **3.43 What is AustralianSuper Outlook for the coming Year ?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.44 What is AustralianSuper's timeline prediction for growth to return on its Balanced Fund.**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

<https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **3.45 What is being done to turn around the performance of the fund? It was in negative territory at the end of last financial year.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.46 What is coming up to makes Australian Super my best choice?**

AustralianSuper's Balanced option has delivered an average return of 9.32% per annum over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years. AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022.\*

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See also: <https://www.australiansuper.com/jointoday>

### **3.47 What is the anticipated performance % of both the Managed Growth and the Balanced funds over the next 12 months?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.48 What is the forecast of international shares ? As I have 100% investment.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years.

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

### **3.49 What is the guarantee that the shares will be up this year and there won't be loss of money.**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios

are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.50 What is the outlook for Balanced Portfolio returns in 2023 and the following years and will the fund be able to recoup the losses in 2022.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. It's difficult to predict the timing or speed of economic recoveries, but you can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **3.51 What is the performance expectation for the rest of the year and 2023? Is there something we need to consider to reduce risks during the upcoming uncertainty times?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.52 what is the return of investment forecast for the next 5 years?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.53 What is your prediction of Australian Super performances in next 1,5 & 10 years**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **3.54 What performance does AS envisage for 23/24? and what risk advice can AS offer members for change of investment strategies?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

If you're considering making any changes, consider speaking with a financial advisor. You can also read more here: <https://www.australiansuper.com/investments/investment-articles/2021/10/understanding-switching-risks>

### **3.55 What return are you forecasting next year? This year has been terrible for my balanced fund.**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.56 What ROI has the AS sustained over the last 10 years?**

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.57 What should I deal with my Australian Super? It was dropped sharply just within 10 months.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said,



AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.58 What the best supper fund**

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years. AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.59 What's the growth rate in past 10 years?**

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.60 When are we going to see a return on our finances!**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.61 When do you anticipate for the funds to improve the performance?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. It's difficult to predict the timing or speed of economic recoveries, but AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.62 When will our super return good positive results, instead of losing money?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. It's difficult to predict the timing or speed of economic recoveries, but AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.



### 3.63 When you will be number 1?

Performance rankings can vary for different time periods. These rankings can be dependent on comparative asset allocation positions or performance of specific asset classes.

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### 3.64 Where do we sit compared to other funds performance.

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### 3.65 Where is the outperformance generated from an investment return point of view when compared to other funds in the market? If outperformance is coming from unlisted/illiquid assets, is the return data an accurate and sustainable representation?

AustralianSuper's performance is generated from our active management approach. Our investment process includes active management of asset allocation and security selection. Performance is achieved through investments in a diversified mix of asset classes, including listed and unlisted investments.

#### Valuation

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

### 3.66 Why am I getting -200 ect on my investment all the time never had this problem before till covid

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.67 Why am I keep losing money and no profit in my super account?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.68 Why are there currently so many deductions in relation to the superannuation fund is loss of savings?**

Your investment balance is subject to a number of factors:

1. Member transactions
2. Contributions tax - payable to the ATO
3. Administration fees
4. Insurance premiums
5. Crediting rate for the investment option(s) where a member is invested

For investment performance, our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.69 Why balanced investment portfolio is not able to weather a difficult market? Has the risk not balanced out properly?**

Each investment option has an investment objective where AustralianSuper will diversify and allocate assets to take sufficient risk to meet the performance objective while balancing the potential for downside volatility. In our investment process to determine the asset allocations of the PreMixed options, we incorporate the long-term return prospects of assets, investment cost and risk of each asset class. A diverse mix of assets invested across listed equities, private markets and defensive assets seeks to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

The returns of the PreMixed options reflect the returns of the underlying asset classes that are held in the portfolio, which includes Australian shares, international shares, private equity, unlisted property, unlisted infrastructure, credit, fixed interest and cash. This diversity of exposures enables the investment options to meet their long-term investment objectives while providing a reduced level of portfolio volatility.

Each of the PreMixed options do have risk of negative returns in the short-term. The level of risk is provided in each option's description under "risk level for time invested" and the estimated number of negative annual returns over any 20-year period.

### **3.70 Why did AustralianSuper perform the worst and what can it do to mitigate further losses for members in this ongoing volatile times**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.71 Why did I get a loss from an investment loss this year in my super account????? I'm very disappointed**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.72 Why did I have a big big lost on my investment?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.73 Why does Australian Super not realize that active pensioners taking an income no longer have a long-term horizon to wait for market recovery, and treat these investors differently to better protect their funds as it's our only income stream in our advanced age? One size does not fit all in investment terms.**

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

**3.74 Why has Australian Super's ranking dropped so significantly compared to other industry super funds? AS dropped from third ranked super fund in 2018 and 2019 to 15th in the last 3 years. What changes to investment strategies (including going in house) has Australian Super implemented that have caused this recent and consistent drop in ranking? Rankings by Rainmaker of best Super funds - taken from Money Magazine Australian Super Balanced fund ranked as number 10 for April 2022 Australian Super Balanced fund ranked as number 14 for March 2022 Australian Super Balanced fund ranked as number 15 for February 2022 Australian Super Balanced fund ranked as number 15 for January 2022 Australian Super Balanced fund ranked as number 14 for December 2021 Australian Super Balanced fund ranked as number 15 for November 2021 Australian Super Balanced fund ranked as number 14 for March 2021 Australian Super Balanced fund ranked as number 7 for December 2020 Australian Super Balanced fund ranked as number 12 for June 2020 Australian Super Balanced fund ranked as number 14 for May 2020 Australian Super Balanced fund ranked as number no 3 for April 2019 Australian Super Balanced fund ranked as number no 3 for April 2018**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

Performance rankings can vary for different time periods, especially with short-term performance. These rankings can be dependent on comparative asset allocation positions or performance of specific asset classes.

AustralianSuper has delivered top, long-term performance for our members and is ranked in the top 2 over 7, 10 and 20 years.\* AustralianSuper's Balanced option has delivered an average return of 9.32% per annum over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

**3.75 Why has my super dropped as of June 2021?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

**3.76 Why has the fund done extremely badly over the past year and what is being done to minimise this?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.77 Why has the last 12 months performance been so poor?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.78 Why is AustSuper no lo get the no1 super provider?**

AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

### **3.79 Why is it for year 2021/2022 most private investments in housing / BHP / South 32 / Woodside / BSL have done well , YET Australian Super has gone into negative territory ? Please explain .**

Each investment option has an investment objective where AustralianSuper will diversify and allocate assets to take sufficient risk to meet the performance objective while balancing the potential for downside volatility. In our investment process to determine the asset allocations of the PreMixed options, we incorporate the long-term return prospects of assets, investment cost and risk of each asset class. A diverse mix of assets invested across listed equities, private markets and defensive assets seeks to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

The returns of the PreMixed options reflect the returns of the underlying asset classes that are held in the portfolio, which includes Australian shares, international shares, private equity, unlisted property, unlisted infrastructure, credit, fixed interest and cash. This diversity of exposures enables the investment options to meet their long-term investment objectives while providing a reduced level of portfolio volatility.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

### **3.80 Why is it that my super balance has been dropping. Never received anything to explain the discrepancies .**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.



### **3.81 Why is my Investment (I made via AustralianSuper) going negative value? I tried all Mixed still going down.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.82 Why is my standard balance investment have a negative gearing last 2 year, as I am feeling bit unsecured with Australian super and thinking to change to other insurance company. Even my work company contribution are lost in balance investment so how Australian super making assessment to overcome this issue?**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **3.83 Why is my super fund losing so much? It seems every time a contribution is made it is taken out almost the next day as an earnings loss. At this rate, I'm going to have very little super to retire on.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.



**3.84 Why is the Conservative Balanced option producing a worse result in these unstable times than the Balanced option? It is supposed to be less exposed to stock market fluctuations than the Balanced option and yet it has been consistently poorer despite savings interest rates rising. Maybe I'm becoming more cynical but it seems to me to instead be used to help bolster the Balanced fund result.**

While the Conservative Balanced option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns. At an asset class level, the Conservative Balanced and Balanced options invest in the same pool of assets.

While it has lower risk profile, the Conservative Balanced option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

**3.85 Why my super is not doing well?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

**3.86 Why was the most trusted super became negative growth**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**3.87 Will we make back the investment losses that we have suffered this year in the next year or is it going to get worse?**

It's difficult to predict the timing or speed of economic recoveries, and also difficult to predict specific returns. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and

may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

**3.88 With the stock market been so volatile and in a downward trend, will it be safe to have my funds in Aus Super now.?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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**3.89 With the US Federal Reserve seemingly determined to drive its economy into recession to pay for its sins, regardless on the flow on effect to other world economies, when do you foresee a positive return to our accounts might materialise?**

In response to higher inflation, central banks appear likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to feel more pain before things get better.

**3.90 Would like to see a true comparison of the performance of Australian Super against other major superannuation providers**

AustralianSuper's Balanced option outperformed most of its peers in the year ending 30 June 2022. The median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

**3.91 Would you please provide more details about why negative interest and reduction in super happened this year?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After our flagship Balanced option returned 20.43% in FY21, there were a number of macroeconomic and geopolitical factors that impacted the market in FY22. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.92 I would like to know why my Choice Income has reduced so much? This is a big concern to me as I am full retired and rely on this income. Please explain?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

### **3.93 Why was the most trusted super became negative growth**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **3.94 Why diversify fixed interest returns was worse than balanced product in last financial year**

The fixed interest asset class was impacted by an unusual combination of economic and market factors in 2022. You can read more about what happened here: <https://www.australiansuper.com/investments/investment-articles/2022/08/understanding-fixed-income-performance>

### **3.95 How can choice balanced have a larger negative return than the accumulation balanced when it is not taxed?**

When returns are negative, accumulation returns can be higher than pension returns. This is largely due to the different tax treatment between the two investment options.

Returns on pension account investments are tax exempt. While for accumulation returns, investment earnings are generally taxed at 15%, with long-term capital gains taxed at 10%.

As recent returns have been negative (investment losses), there was a reduction in the unrealised tax liabilities for accumulation options (i.e., reduction in the tax accrual). This meant that a tax adjustment was credited to accumulation accounts.

As pension earnings are tax exempt, they were not subject to this tax adjustment and therefore achieved a lower after-tax return than accumulation accounts.

### **3.96 What is outlook for FY23 and where we are at the moment?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **3.97 There is often reference to being in the top 2 funds over 7,10,20 years ... what about more recently? How does Australian Super perform compared to peers over 1, 3, 5yr time frames? With a new CEO recent performance is an important consideration for members.**

Performance rankings can vary for different time periods. These rankings can be dependent on comparative asset allocation positions or performance of specific asset classes.

As at 30 June 2022, the Balanced option ranked #18 over 1 year, #4 over 3 years and #4 over 5 years\*.

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns.

### **3.98 What do you forecast the balance option to return this current financial year?**

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.99 What is the projected return for the balanced option for the year to 30 June 2023?**

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

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### **3.100 what is the future% for conservative balanced by 2023 end?**

The Conservative Balanced option has a lower risk profile than the Balanced option and has an investment objective to beat CPI by more than 2.5% over the medium term.

Mark Delaney provided the below answer for the Balanced plan; therefore the projected risk and return would be lower for the Conservative Balanced option.

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.101 How do you expect the Indexed Diversified pre-mixed option specifically to respond over the next 1-5 years? What market factors typically impact this option compared to the others?**

Over the long-term, we expect the Indexed Diversified option to provide a return that is lower than the Balanced option. Key reasons are: 1. Indexed Diversified option does not invest in private markets which have a higher return potential than listed markets. 2. Indexed Diversified is passively managed and does not have the potential to earn additional return from asset allocation and stock selection decisions.

### **3.102 Could you explain why the Income Choice returns were lower than the Super returns this year, normally I would have thought the tax-free status would deliver a higher return.**

When returns are negative, accumulation returns can be higher than pension returns. This is largely due to the different tax treatment between the two investment options.

Returns on pension account investments are tax exempt. While for accumulation returns, investment earnings are generally taxed at 15%, with long-term capital gains taxed at 10%.

As recent returns have been negative (investment losses), there was a reduction in the unrealised tax liabilities for accumulation options (i.e., reduction in the tax accrual). This meant that a tax adjustment was credited to accumulation accounts.

As pension earnings are tax exempt, they were not subject to this tax adjustment and therefore achieved a lower after-tax return than accumulation accounts.

### **3.103 Hi, you all are talking about long term and long-term investment but did not tell us why we had a big bid lost last year.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.104 How is the outlook for FY23 in terms of growth and return ???**

Answered by Mark Delaney at the AMM:



'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.105 how do you see the 2023 going in relation to income**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities.

Mark Delaney provided the following outlook during the Annual Member Meeting:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.106 Since internalising the investment team, how has performance been like other than reduction of costs**

The investment team began the process of internalisation around 2012/13 - a process which has progressed throughout the past decade and continues today. Over the past 10 years to 30 June 2022, the average return for AustralianSuper's Balanced option has been 9.32% per annum. This has ranked the Balanced option in the top 2 best performing funds during this time period.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey, SR50 Balanced (60-76) Index to 30 June 2022. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006. Investment returns aren't guaranteed. Past performance isn't a reliable indicator of future returns.

### **3.107 How often are unlisted assets and private equity revalued?**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>



### 3.108 why the balance a/c delivers more returns than the choice a/c

When returns are negative, accumulation returns can be higher than pension returns. This is largely due to the different tax treatment between the two investment options.

Returns on pension account investments are tax exempt. While for accumulation returns, investment earnings are generally taxed at 15%, with long-term capital gains taxed at 10%.

As recent returns have been negative (investment losses), there was a reduction in the unrealised tax liabilities for accumulation options (i.e., reduction in the tax accrual). This meant that a tax adjustment was credited to accumulation accounts.

As pension earnings are tax exempt, they were not subject to this tax adjustment and therefore achieved a lower after-tax return than accumulation accounts.

### 3.109 What is Australian Super high growth outlook in the short term?

The High Growth option has a higher risk profile than the Balanced option and has an investment objective to beat CPI by more than 4.5% over the medium term to long term.

Mark Delaney provided the below answer for the Balanced plan; therefore, the projected risk and return would be slightly higher for the High Growth option.

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### 3.110 do you have some feedback on when you would expect annual returns to return to positive territory?

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

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### 3.111 If you had to put a figure on next years performance would you chose %2B5% or minis %5

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

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### **3.112 Please explain why the choice income underperformed**

When returns are negative, accumulation returns can be higher than pension returns. This is largely due to the different tax treatment between the two investment options.

Returns on pension account investments are tax exempt. While for accumulation returns, investment earnings are generally taxed at 15%, with long-term capital gains taxed at 10%.

As recent returns have been negative (investment losses), there was a reduction in the unrealised tax liabilities for accumulation options (i.e., reduction in the tax accrual). This meant that a tax adjustment was credited to accumulation accounts.

As pension earnings are tax exempt, they were not subject to this tax adjustment and therefore achieved a lower after-tax return than accumulation accounts.

### **3.113 How has the cost savings helped members if returns are still negative?**

AustralianSuper knows that fair and equitable fees play a big part in helping Australians retire well. We closely monitor all fees and costs that impact performance results for members.

With that said, performance was largely driven by market factors. Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.114 Is there possibility to get negative returns again (next year) on pre mix balanced fund**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

### **3.115 Why is the Conservative Balance option still outperformed by the Balance Option in bad economic times?**

While the Conservative Balanced option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns. At an asset class level, the Conservative Balanced and Balanced options invest in the same pool of assets.

The Conservative Balanced option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

### **3.116 How am I as a member benefiting from having exposure to the WestConnex motorway network?**

Our investment in WestConnex has benefitted members through the investment returns it generates for their retirement savings. It is also an example of how AustralianSuper invests in the domestic economy, in this case contributing to better transport outcomes that benefit the NSW economy and the broader Sydney community.

### **3.117 Why the choice income underperformed more than the accumulation account?**

When returns are negative, accumulation returns can be higher than pension returns. This is largely due to the different tax treatment between the two investment options.

Returns on pension account investments are tax exempt. While for accumulation returns, investment earnings are generally taxed at 15%, with long-term capital gains taxed at 10%.

As recent returns have been negative (investment losses), there was a reduction in the unrealised tax liabilities for accumulation options (i.e., reduction in the tax accrual). This meant that a tax adjustment was credited to accumulation accounts.

As pension earnings are tax exempt, they were not subject to this tax adjustment and therefore achieved a lower after-tax return than accumulation accounts.

### **3.118 Why does total investment return on a members super not equal the estimated value today minus the amount deposited into super? That's what matters to members.**

Your investment balance is subject to a number of factors:

1. Member transactions
2. Contributions tax - payable to the ATO
3. Administration fees
4. Insurance premiums
5. Crediting rate for the investment option(s) where a member is invested

### **3.119 Why did the conservative balance fund have a larger negative return than the balanced option ?**

While the Conservative Balanced option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns. At an asset class level, the Conservative Balanced and Balanced options invest in the same pool of assets.

The Conservative Balanced option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

### **3.120 Why have cash returns apparently been unchanged since 1 July 2022 .**

Returns for the cash investment option have reflected the increasing cash rate to date in FY23. You can track performance of the investment option here on our website:

<https://www.australiansuper.com/compare-us/our-performance>

### **3.121 Without investment in private equity the balanced fund result would have been far greater than -2.9%. Do you expect private equity to continue such a large gain as this year?**

Performance for each of the asset classes in the portfolio will vary during each phase of the economic cycle. With expectations of weaker economic growth in the period ahead, there may be lower returns for private equity assets in the near term.

### **3.122 S&P500 long term return is around 9.50% for the last 20 years. Shouldn't the AustralianSuper compare with their performance with S&P instead of median super return?**

When comparing to a benchmark it is important to consider a few factors. Benchmarks should be measurable and appropriate for the investment objectives and risk of the option.

For the PreMixed options, peer and CPI benchmarks are used to enable members to compare performance against similar investments and against inflation, which erodes the buying power of your savings.

Benchmarks such as the S&P 500 Index would not be considered appropriate, as the profile of the benchmark does not match the investment characteristics of the options.

For additional information, see this article:

<https://www.australiansuper.com/investments/investment-articles/2021/10/measuring-super-performance>

### **3.123 What do you see as estimated return for Balanced and High Growth funds in 2023-25, understanding you don't have a crystal ball?**

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.124 with publicized inflation at 7%%2B is the target annual return of super savings 11% for FY23**

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

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### **3.125 To mark did the changes to franking credits affect performance last year or will they going forward thanks Darryl**

While changes in franking credit legislation have the potential to impact returns of Australian shares, our investment approach looks at company fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses.

### **3.126 Why did Australian Super perform more the 5% worse than the benchmark for International shares?**

Recent performance in international shares has been heavily impacted by geopolitical events and central bank tightening. High inflation, rapidly rising interest rates and uncertainty around economic growth and corporate earnings triggered falls in listed equity markets.

The international shares portfolio was impacted by the significant de-rating of growth and quality shares, which resulted from rising interest rates. Since January 2022, there has been a significant reversal of the medium-term trends we have seen in technology and consumer discretionary sectors that have benefited portfolio performance over the last three years.

The international shares portfolio is currently positioned for a weaker economic environment, with reduced allocations to companies and sectors that are likely to see lower profitability during economic downturns. Our investment process focuses on the bottom-up conviction that we have in companies based on the companies having dominate positions in their industries, competitive positioning and pricing power. We seek to invest in companies that we expect to continue to be great businesses over a 5 plus year time horizon.

### **3.127 What was the highest performing AusSuper fund for the 2021-22 year? Which fund is predicted to be the highest performing AusSuper fund for the 2022-23 year and why?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

Performance rankings can vary for different time periods. These rankings can be dependent on comparative asset allocation positions or performance of specific asset classes.

As at 30 June 2022, the Balanced option ranked #18 over 1 year, #4 over 3 years and #4 over 5 years\*.

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns.

### **3.128 Will we make any profit that we loose last year**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **3.129 At retirement in 2013 I was advised at a Australian Super seminar to transfer my balance from Balanced to Stable as the risk was less. Why is Stable's performance nearly as poor as Balanced at this time?**

While the Stable option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns. At an asset class level, the Stable and Balanced options invest in the same pool of assets.

The Stable option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

### **3.130 What does the next decade hold for super investments - especially for those of us who are retired ?**

Answered by Mark Delaney at the AMM:

'In the last 10 years, the Balanced plan earnt over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So, 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So, I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

### **3.131 How did the fund perform and pivot in the market same not break even to costs but instead made a significant loss??**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting

quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.132 Is there any chance of making a profit on investments this year?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **3.133 I would be interested to hear your thoughts on the Socially Aware fund and its performance against the Balanced Fund**

AustralianSuper continually undertakes reviews of the investment options to monitor performance, risk and investment style. The Socially Aware option has recently been reviewed to attribute the reasons for the underperformance of its investment objectives. As a result of the review, which has analysed performance, risk and investment style, the investment team have identified modifications and are now taking action to aid the Socially Aware option in meeting its medium to longer term investment objectives.

Underperformance over the past year has been largely attributed to the portfolio exclusions. This is primarily due to the geopolitical factors that have impacted market conditions, such as the Russian invasion of Ukraine that drove up prices of energy related shares. The energy sector is under weighted in the Socially Aware option due to the exclusion of companies with fossil fuel reserves. Over the medium term, the Socially Aware option has also underperformed due to security selection within the equity portfolio. As part of the performance review, action has been taken by the investment team to improve how the portfolio is managed.

The Socially Aware option has the investment objectives of: to beat CPI by 4% over the medium to longer term and to beat the median balanced fund over the medium to longer term. Over the medium to longer term, the Socially Aware option has outperformed its CPI objective, while facing challenges with outperforming the median balanced fund over the medium to longer term.

### **3.134 fund has continued to fall . will this improve in 2023**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.



Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **3.135 why the investment returns are negative**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

### **3.136 Could you please explain the reason why for the FY 2021/2022 the investment returns were negative?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term.

## 4 Service

### 4.1 Access process quite hard

Please provide more information on the process you are having difficulty with, or contact us on 1300 300 273 between 8AM and 8PM AEST/AEDT so that we can assist with your query.

### 4.2 Any plans for enhancing website or app presentation of performance, comparison tools etc for members?

AustralianSuper is launching a new member portal and enhanced mobile app in early November this year. The portal provides a snapshot view of investment performance for options members are invested in, including a performance graph. Members can view performance by investment option, compared to the industry benchmark and Consumer Price Index (CPI). In future we'd like to enhance this feature to allow side-by-side comparison of investment options. Both the portal and mobile app will also display a year-to-date total of investment returns for each account, showing how the account has performed over the year based on contributions vs investment returns. We've made it much easier to see investment transactions as well, with filters added to the transaction history, so members can quickly find key transactions of interest. We're also working on enhancements to the performance information shown on our website, [www.australiansuper.com](http://www.australiansuper.com), to be delivered in 2023.

### 4.3 Are there any plans to make the website and app more user friendly? They are difficult to navigate.

AustralianSuper launched a brand new member portal and enhanced mobile app in early November this year. The new portal and mobile app deliver a more personalised experience and improve how we support and guide members to manage their super effectively. The uplift includes enhanced functionality and security. The new member portal is fully mobile responsive in design, with a lot of care given to improving usability and accessibility and making it easier to find key information quickly.

### 4.4 Australian Super has one of the lowest customer review scores on Australia's Largest Review sites. What is Australian super doing to address member concerns re poor communication, slow and uncaring? What member satisfaction targets are assigned to the operation and how has Australian super being performing against these targets?

We know that members want simple, easy, convenient and empathetic interactions, as well as more support preparing for retirement. To this end, we have a multi-year program in place to improve service for members and delivering a more personalised experience with better service, help and guidance. This program will:

- extend self-service through our website, member portal and mobile app to ensure members can get what they want quickly, easily and conveniently
- increase straight-through/automatic processing to better show the status of any requests and reduce waiting times
- provide better 24/7 help by improving our virtual agent ASH (AustralianSuper Helper Bot) and our website's features and content
- more tightly combine our service channels so when members call, we can easily pick up just where we left off
- offer more proactive help and guidance during important moments, like times of hardship, insurance claims or in retirement planning.

For the financial year ending 30 June 2022, we achieved a Net Promoter Score (NPS) of +39 (above target) but did not achieve our Customer Ease target. As such we have actions in place, both short-term and longer-term as mentioned above, to address this.

**4.5 Australian Super provides a good account summary of my account on line, however can you please improve it by having a monthly statement the same as a bank statement ie, showing my account value with each debit and credit shown with the reason why (as you do now) but subtracted/added to the account value on the date it occurs?**

AustralianSuper is launching a new member portal in early November this year which has a number of enhancements to how information on account transactions is shown. This includes a year-to-date summary of the key transactions for your account, including investment returns, fees, any insurance premiums, and taxes. An opening balance and current estimated balance make it easy to see how your account has changed over the year. In addition, we've added filters so you can quickly see transactions by category or by incoming/outgoing amounts. The export function allows you to download all transactions for the selected year, which can be sorted for time period. We don't yet have a running total shown, however will continue to review the functions of this feature over time. There is no change to the current state for transaction details on the mobile app however users can see estimated earnings and fees for the current financial year.

**4.6 Can anything be done to resolve communications to members in the retirement phase who take on part time work and receive new accumulation super? All correspondence treats you like a new member with no knowledge of the fund. Surely you can recognise existing membership and communicate on that basis.**

As there are several legislative requirements the Fund needs to meet when setting up a new account, such as provide the most recent product disclosure statement, we have not yet implemented a different welcome process for returning to work members. However, this is something AustralianSuper will look into when considering future welcome process improvements.

**4.7 Can you please update your protocols for requirements of paperwork when applying to have funds withdrawn using paperwork (not on-line). You ask for "original documents for bank statements, Electricity and Council Rates. The friendly police people explained that this is a common issue - people NO LONGER receiving paper statements/invoices so they can't sign off on your documentation. Thank you**

When applying to withdraw funds from your super account, there are two options provided to prove your identity: Electronic Verification or paper copies of ID documents. If Electronic verification option is chosen, there is no need to provide certified documents. However, if paper copies of ID documents are to be provided, the documents must be certified. While most correspondence is now issued online, members are able to request certification by authorities by showing the documents on their electronic device and having them certify a print out of the online document.

**4.8 For those with a Member Direct account, why is it not possible to transfer funds directly into their Member Direct cash account, without having to impact their holdings negatively within their Australian super holdings. Is there should be a cash transfer holding account one can select if wanting to move new funds directly into their Member Direct?**

Due to system limitations we are currently unable to accept new contributions directly into the Member Direct Cash account as the Member Direct investment option functionality resides on a separate IT platform. We recognise this is an issue for members and are looking at ways to improve the member experience when investing in Member Direct.

**4.9 I am a Chartered Accountant who has been a CFO of many companies both small and large, but I have to say the standard of administration for Members at AusSuper is sub standard. If any members of the board are interested in the numerous shortcomings and the simple solutions to fix please contact me. I hear others find the admin appalling and I will most likely go to another Industry Fund that offers better admin systems. AusSuper's poor admin systems has cost me real money, and the latest debacle is an inability to put money into my account on 3 attempts. I am not a whiner by nature but if not addressed I fear AusSuper will lose a lot of clients**

As this is a matter specific to your account, we have forwarded your question to our Dispute Resolution team who have responded to you in writing and provided you with information about steps you can take should you not be satisfied with our response.

**4.10 I am concerned about the Nomination of my Super Fund - Binding Nomination - Who can be husband - Sister - Brother - since I have no children? Please highlight on this whether brother and sister can be included? Thanks for the reply.**

A binding nomination must be made in favour of one or more dependants, or to your legal personal representative. A dependant can be a spouse (including de facto and same sex), children (including step, adopted or ex-nuptial of any age), a financial dependant or an interdependent (someone who is living with you, who you care for and is also financially dependent).

A sibling can fall into the category of financial or interdependent depending on your situation. If not, having a will and nominating your legal personal representative is a valid option.

**4.11 I have been extremely dissatisfied with the rate of return on my investment when I have left things in the fund managers hands. I choose to move my money back and forth between the asx200 fund and cash when I see the market has moved one percent or so in my favour but I am often thwarted by the delay of twenty-four hours or more during which the increased value is reversed to become a loss. Is this appalling delay in processing of my actions due to some legal requirements or simply a matter of disinterest in allowing us any real control over our own finances? If there's no actual barrier to improving the time taken to action our requests will you be reducing the delay any time soon?**

For PreMixed and DIY Mix investment options (including the Cash option), investment switches are effective on the date you perform the switch transaction. When you change (switch) investment options within your account, the daily crediting rate will be applied to your account for your previous investment choice up to the date of the switch. Your new investment choice will be effective at the start of the next business day after you make your switch (if received before 4PM AEST/AEDT [Melbourne time] on a business day). The crediting rates are applied to your account once they are updated in the Administrator's records. It usually takes two to three full business days for investment switches to show in your online account and in the mobile app.

When transferring between PreMixed or DIY Mix investment options and the Member Direct Cash Account which resides on a separate IT platform, there is an additional 1-day delay to allow for funds to be transferred to the Member Direct trading platform. We recognise this is an issue for members and are looking at ways to improve the member experience when investing in Member Direct.

However, since superannuation is a long-term investment, the investment options and transaction capabilities are designed for members to exercise investment choice for their long-term investment objectives. It is not designed for short-term trading as this can increase transaction costs for all members invested in the options.

**4.12 The current fund policy puts all new members invested in the Balanced option regardless of their personal circumstances. Should this be reconsidered? Other funds act differently.**

We believe that the Balanced option is well placed to generate the returns that members need to build a pool of assets to help achieve their retirement outcomes. The Balanced option is invested in a diverse mix of asset classes to achieve strong long-term investment returns while seeking enough risk to meet the investment objectives. The Balanced option seeks to beat the median balanced fund and the Consumer Price Index (CPI) by more than 4% per annum over the medium to longer term.

For members looking to match investments to their level of risk we offer a selection of PreMixed options that provide a broad diversification of investments and a range of risk levels. Our DIY Mix options also enable members to allocate a proportion of their portfolio to specific areas of Australian shares, international shares, fixed interest or cash or create their own diversified portfolio. The Member Direct investment option offers members more control and the option to invest in shares, Exchange Traded Funds (ETFs), Listed Investment Companies (LICs), term deposits and cash.

**4.13 the online facilities are very old and tired are there any plans to update this service**

AustralianSuper will be launching a brand new member portal and enhanced mobile app in early November this year. The new portal and mobile app deliver a more personalised experience and improve how we support and guide members to manage their super effectively. The uplift includes enhanced functionality and security. The new member portal is fully mobile responsive in design, with a lot of care given to improving usability and accessibility.

#### **4.14 There must be thousands of people who have previously worked in New Zealand who now have AustralianSuper Accounts. When will AustralianSuper accommodate rollovers from KiwiSaver accounts into AustralianSuper?**

There are a small number of other Australian super funds that do offer this service; however, AustralianSuper has no plans to offer this service. There are complicated rules around transfers from KiwiSaver accounts to Australian super funds as well as account balance and non-concessional contribution caps that apply to these types of transfers. In addition, access restrictions and early access eligibility requirements may also apply that are not aligned to our administration service offering.

#### **4.15 What is AS doing to make the task of managing our Supa accounts easier and on line.**

AustralianSuper will be launching a brand new member portal and enhanced mobile app in early November this year. The new portal and mobile app deliver a more personalised experience and improve how we support and guide members to manage their super effectively. The new member portal is fully mobile responsive in design, with a lot of care given to improving usability and accessibility. The uplift includes enhanced functionality and security. Focus has been given to improving the experience for registering for online access, as well as providing better support to set a strong and secure password and manage login details. For TTR and Choice Income members, we've made managing multiple accounts online much easier, with the ability to see all linked accounts via a single login in both the portal and mobile app. A new dashboard provides at-a-glance summaries of all key account information, including investment returns and contributions / payments. We've also added a new feature in the portal to make it easy to share account details with an employer.

#### **4.16 What kinds of service have you outsourced? What approaches have you taken to make sure they are quality service and cost efficiency for members.**

We have a range of services provided through third parties including asset custodianship and funds management. From a member service perspective, the majority of account administration and member servicing has always been provided through third-party suppliers. We have a range of quality assurance processes in place including dedicated teams focussed on performance and vendor management, and external parties used to audit performance. Additionally, we have an extensive Voice of the Customer program where members provide their feedback on services received and we use this to understand improvement opportunities. By partnering with third-party providers with scale, we can provide cost efficiencies that may be harder to achieve on our own.

#### **4.17 Why are/did the annual statements take 4 months longer to deliver this year than last year? I.e. end of June vs Oct/November. This has/will cause many everyday members tax return problems.**

Each year, annual statements are generally issued within 4-5 months after the end of financial year. Legislation dictates they are to be sent no later than 31st December of the same year. Annual statements were issued and delivered at a similar time last financial year. If you are seeking information to assist with your tax return, please contact us on 1300 300 273 between 8AM and 8PM AEST/AEDT so that we can assist with your query.

#### **4.18 Why can't I see my losses at the Australian super app? I definitely can see any profits, but I need to see how my super fund is making negative gains with my money? Thanks**

Members are able to see gains/losses via 'estimated earnings' for each financial year via the Mobile App. It provides positive (+) or negative (-) returns depending on how markets/investments are performing. Any investment gains or losses in any given year are also displayed in each member's account statement both online and/or paper-based ie. mail (depending on how members have chosen to receive their statements).

#### **4.19 Why did I have to close my previous Pension Account and open a new account when I wanted to add funds to my account?**

Legislation states the following - Once your pension account has commenced you cannot add any more money to it. If you want to add additional funds you may need to consider opening a new pension account and closing your existing account. It is recommended you consider seeking financial advice before deciding what's right for you.

**4.20 Why do you persist with that ridiculous Robo phone service. It's incredibly slow, boring and inefficient. Wait times are incredible, and when you finally reach a real person, they are in an offshore call centre and difficult to understand?. They do their best, but c'mon we need direct contact with local staff.**

AustralianSuper use an Interactive Voice Response (IVR) system to assist members by directing calls to an appropriately skilled Customer Service Officer who can manage their query. By choosing the reason for the call in the IVR system, this allows us to reduce the need for calls to be transferred and ensure that queries can be dealt with efficiently. The IVR is reviewed and updated regularly to ensure it is an efficient and simple tool to guide member calls. AustralianSuper does experience periods where call volumes are higher than anticipated, and this can lead to longer than usual wait times during these periods. We continually work to reduce call wait times and the average speed of answer, and for the majority of FY22 this was under 2 minutes.

All AustralianSuper Contact Centres are located in Australia.

**4.21 Why I do have to fill notice of intent form instead it has to sent yearly all the time**

It is a requirement of the Australian Taxation Office (ATO) that a Notice of Intent form is provided for each financial year. Once you make a contribution, you have until the earlier of:

- the date you submit your tax return, or
- the end of the following financial year in which the personal contributions were made, to claim your tax deduction.

**4.22 Why is it not possible to have investment cut off time shifted from 4pm AEST the day before to maybe 6am on the day of the switch. It would be far better for all. If not all investments, which ones?**

The 4PM AEST/AEDT cut-off time for Investment Switches and Cash Transfers is set to align with the ASX close and provide AustralianSuper with sufficient notice to manage the subsequent changes required to each investment option's holdings to match member requests.

**4.23 What are you doing to reduce the waiting times to get phone queries answered ? I recently spent well over an hour waiting to speak operator and unfortunately this does not appear to be improving, and,**

**4.24 The wait time for telephone contact with AustralianSuper is far to long e.g. 50 minutes or more. Do you intend to employ more staff to reduce the wait time? And,**

**4.25 What is being done to reduce the wait times that members experience on the phone.**

As a result of an increased number of members contacting us, it's taking longer to speak with a consultant over the phone or via online chat. We have increased our resourcing and redirected all available staff to assist members but understand this may be frustrating and we apologise and appreciate your patience.

**4.26 How is the Membership Call Centre performing statistically. What are average wait times?**

As a result of an increased number of members contacting us, it's taking longer to speak with a consultant over the phone or via online chat. Wait times in the first week post deployment were up to three times longer than usual, although have normalised since. We have increased our resourcing and redirected all available staff to assist members but understand this may be frustrating and we apologise and appreciate your patience.

**4.27 When will member direct be accessible from the mobile app?**

We're working on restoring access to Member Direct via the mobile app as a priority.



**4.28 Can anything be done to resolve communications to members in the retirement phase who take on part time work and receive new accumulation super? All correspondence treats you like a new member with no knowledge of the fund. Surely you can recognise existing membership and communicate on that basis.**

As there are several legislative requirements the Fund needs to meet when setting up a new account, such as provide the most recent product disclosure statement, we have not yet implemented a different welcome process for returning to work members. However, this is something AustralianSuper will look into when considering future welcome process improvements.

**4.29 When unit price is taking a dive, why send out 'satisfaction questionnaire'?**

As a members' first fund we are committed to hearing member feedback, both good and bad, throughout the year. Our Voice of Customer program invites all contactable members to participate in our relationship study and we survey a sample of members when they complete an interaction with us. This feedback is used to guide our strategic direction and continuously improve our offering to members.

## 5 Investments

### 5.1 Unsure how this fund calculates units. Previously was with a super that informed you how many units you had and the varying costs per day. Aus super is too complex to know if I'm getting ripped off.

AustralianSuper uses a crediting rate process to allocate returns for members. Both unit pricing and crediting rates provide the same result in terms of investment return for the investment options. AustralianSuper has considered the possibility of transitioning to unit prices and is weighing the cost and benefits of moving to a unit pricing system.

### 5.2 What % of the balanced fund is allocated to Liq Alts and Private Markets and how are these valued to market? How oft we and by whom? Is it Blackbird or some other external provider?

The Balanced option has about 30% of its assets invested in private markets. These asset classes include private equity, unlisted infrastructure, unlisted property and credit assets.

#### Valuation

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

### 5.3 What is the value of Australian Super's "unlisted assets" and how are they audited?

#### Valuation

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

The Finance and Audit Committee is provided with regular updates concerning the valuation of the Fund's investment assets. Our external auditor, PWC, also assesses the asset valuation process.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

### 5.4 Which areas of investments are performing well during the last 2 years of pandemic era?

From March 2020 to December 2021 Australian shares and international shares performed well during the recovery from the COVID downturn. During 2022, there were a number of macroeconomic and geopolitical factors that impacted the market. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine,

rising inflation, and broad quantitative tightening by central banks. This caused a reversal of the medium-term performance trends for listed shares.

Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

### **5.5 Why don't you measure investment performance by unit price ?**

AustralianSuper uses a crediting rate process to allocate returns for members. Both unit pricing and crediting rates provide the same result in terms of investment return for the investment options. AustralianSuper has considered the possibility of transitioning to unit prices and is weighing the cost and benefits of moving to a unit pricing system.

### **5.6 For International Shares investment option, do we invest in Indian stock market yet? If not, when do we plan to start ?**

The portfolio does have exposure to Indian listed equities, private equity and infrastructure assets.

### **5.7 What changes is the fund making in the High Growth and Sustainable investment options, given the current market outlook?**

Our investment team has been anticipating an economic slowdown for some time.

We've already started to shift to a more defensive strategy and prepare the portfolio for a lower growth environment by reducing our weighting to growth assets, like listed shares, in favour of more defensive assets, like fixed interest. The potential for an economic downturn in the years ahead makes fixed interest assets more attractive at current yields.

We know from experience that periods of market volatility can create new investment opportunities. We actively look for assets that may have been mispriced by the market in the short term and to make investments where we see long-term value.

AustralianSuper's investment incorporates research on economic cycles into our asset allocation and security selection processes. We do believe that asset classes behave in a relatively predictable manner at each phase of the economic cycle and that adjusting the level of risk in the portfolio can add value to investment performance.

AustralianSuper sets a strategic asset allocation for each of the PreMixed options. The strategic asset allocation for each investment option represents the long-term view of the Investment team, the outlook over the next five-plus years and the key positions that we are targeting over the longer term.

The Investment team also applies strategic tilts. These are adjustments to the strategic asset allocation based on our short-term views of economic and market conditions. AustralianSuper seeks to generate investment returns through active asset allocation to the major asset classes. The basis of the strategic tilts are relative return outlooks informed by quantitative and qualitative analysis of investment markets and the global economy. Strategic tilts are recommended based on analysis of a combination of factors including valuation, cycle, policy and thematic drivers.

### **5.8 Investing in DIYMix has a time lag which does not take into account the performance of overseas and especially the US market for ac calendar day and requires change in investment mixes before close of ASX BY 4PM..**

The 4pm AEST cut-off time for investment switches and cash transfers is set to align with the Australian Securities Exchange close and provides AustralianSuper with sufficient notice to manage the subsequent changes required to each investment option's holdings to match members' requests.

The crediting rate calculation and switching processes were established to ensure equity among transacting and non-transacting members. See How crediting rates and investment returns work document:

<https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/how-crediting-rates-and-investment-returns-work.pdf>

## **5.9 Where can I find the mandates relating to infrastructure investments detailing the Capex and expected revenue generated over the long-term?**

The Financial Statements provide details on our valuation techniques. Expected revenue and details of an unlisted security's operations is considered market sensitive and is generally not provided publicly by the underlying business or asset owner. See <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

## **5.10 How is daily crediting rates are calculated in relation to movement in the Aust and US market. It appears that it is most of the time 50% up or down of total movement in the market for that particular day.**

When comparing performance to a benchmark or index, it is important to consider a few factors:

1. AustralianSuper uses an active approach, so our daily performance may be different from a broad market benchmark on any given day.
2. It is important to choose a benchmark that is translated to the appropriate currency, as the International Shares option is unhedged and priced in Australian dollars.
3. Although, investments in the US market make up over 50% of the International Shares option, the option does invest in a broad range of other international markets, therefore the return would be a reflection of all the holdings and country exposures in the portfolio.

The "How crediting rates and investment returns work" document details the process for crediting rates: <https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/how-crediting-rates-and-investment-returns-work.pdf>

## **5.11 Is the international fund trading in US dollars or Australian dollars**

All AustralianSuper investment options are priced in Australian dollars. When investing in regions around the world, the trades would be executed in the local currency.

## **5.12 Simon: as one of the top 20 super/pension funds worldwide - do you measure our performance in this cohort**

We measure performance against Australian superannuation peers and the CPI. As a global investment manager, we research best practices in the pension industry around the world. Key outcomes of our research are: 1. The importance of building strategic relationships to identify attractive investment opportunities, 2. The benefits of private market investments to potentially improve return, and 3. The value of team structure and portfolio management systems to improve scalability and efficiency.

## **5.13 Could a accurate real time record of fluctuations in a graph form, rather than just a total.**

We are working towards additional ways to disclose performance on our website. A graph allowing daily performance comparisons is a consideration. Daily crediting rates are available for download at the bottom of the performance page. <https://www.australiansuper.com/compare-us/our-performance>

## **5.14 Robert Gottlieb of the Australian (controlled by Rupert Murdoch) argues the assets of industry funds are overstated because their unlisted assets have not fallen as much as listed assets. Why she right or why is he wrong?**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly

held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

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#### **5.15 CAN YOU ADVISE WHAT PERCENTAGE OF BALANCED FUND ASSETS COMPRISE LEVERAGED PRODUCTS SUCH AS DERIVATIVES, MORTGAGE LOANS, FUTURES CONTRACT, OPTION CONTRACTS AND CRYPTO RELATED ASSETS.**

While the investment strategies of the underlying entities in the portfolio may include the use of leverage, leverage is not allowed at the investment option level. The Fund Financial statements and portfolio holdings disclosure provide information on these holdings.

The Fund does not invest in crypto currency.

View the Financial Statements via <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

View the Portfolio Holdings Disclosure via <https://www.australiansuper.com/investments/what-we-invest-in>

#### **5.16 How safe are the funds in CASH, given unstable economy due to high inflation across the world and potential escalation of Russian invasion of Ukraine?**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

#### **5.17 What % of the balanced fund is allocated to Liq Alts and Private Markets and how are these valued to market? How oft we and by whom? Is it Blackbird or some other external provider?**

The Balanced option has about 30% of its assets invested in private markets. These asset classes include private equity, unlisted infrastructure, unlisted property and credit assets.

##### **Valuation**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

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See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

The following questions have been grouped together as answered by the Chief Executive at the AMM:

- 5.18 How is the housing accord going to deliver returns? Particularly above and beyond the equities market? And,**
- 5.19 what is the expected returns from the housing accord in % terms? And,**
- 5.20 I'm very concerned about Paul's comments that AustSuper will consider supporting the Federal Govt's housing challenge announced in the October budget by "helping to respond to a national challenge". I've very little faith in the ability of Govt's to wisely use (taxpayer) money and would be appalled if AustSuper were to get involved in risky Govt 'thought bubbles'. Is AustSuper going to invest in this and on what basis, remembering that the primary responsibility of the trustees is to maximise returns to members? And,**
- 5.21 Paul, you have mentioned that AustralianSuper has joined governments the Housing Accord 2022. Investing in housing, especially when interest rates on the rise and the lending standard is tightening of money supplies, are putting pressure on both growth and returns. I would like to understand that if the Fund's decision to support this government initiative is more of a reputation consideration, or of an investment consideration? And,**
- 5.22 Is Australian Super intending to invest members' money in the Federal Government's proposed public housing scheme. If so, how will members' investments be protected? Is there a guaranteed return? And if not, will members be able to opt out of having heir money invested in this scheme?**

Answered by Chief Executive Paul Schroder at the AMM: The first part is: are we intending to invest members' money? Well, the answer is we don't know yet because it will always be, always be, a matter of risk and return and will we be getting a good enough return for the risks that we're taking.

So what we have said is we're really absolutely committed to engaging in a discussion with the construction industry and with local government and with State Governments and with Federal Governments to see if we can be an active and positive force in the discussion about housing affordability because a lot of people are having a lot of trouble finding safe and secure housing, especially younger people. But our only lens is: will we make enough money for you out of it? And some of you might have seen that I made some public comments saying that the kind of return we need is somewhere between 6% and 11%, depending on how much risk we're taking or the risks that we're sharing with others.

So the answer is we haven't had to consider whether we are going to invest or not because there's nothing in front of us to make a judgment about. If you ask, are we interested in engaging properly about this, of course we are because AustralianSuper members are members of the Australian community and they want to be able to live well in retirement and as they're building their balances. So the answer is no, we haven't decided to do anything about that yet and we're working constructively, but we'll only do it if it makes you enough money for the risk that we're taking on your behalf.

The second part of that is how will members' interests be protected. Well, you'll be protected in exactly the same way as we apply the investment thesis to any other thing as part of a diversified portfolio. So don't be under any illusion: we'll only ever see this through an investing lens. But we do think that if the Federal Government released more land and if it was easier to get approvals and if construction could become cheaper because it could be done at scale, and then if we and banks were involved in that, we do think that there's an investable proposition there but it's a long, long way before we'll need to make a judgment about whether we're investing or not.

- 5.23 How will the housing accord social housing be maintained? Who pays for the maintenance and taxes associated? What happens if the houses are vacant, how is return generated?**

These details aren't for AustralianSuper to advise, as a signatory to the Accord and not the governing body.



## 6 Investment Strategy

### 6.1 Given the current crisis globally, how Aussie Super will maintain investors' interests esp retirees and about to retirees, what is ur best strategies and suggestions, extra super contributions are not recommended due to the loss ?

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

### 6.2 In view of the unsettling world situation is it best to leave one's super funds in the CASH portfolio

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

### 6.3 My super has lost over \$50000 recently where can I invest to reduce this loss?

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

### 6.4 What is AustralianSuper's view on the role of digital assets (e.g. cryptocurrencies) as part of a future fund investment portfolio? Would AustralianSuper consider investing in digital assets in current or future funds?

Blockchain technology is an example of a new way of digitally transacting, potentially securely and more quickly. As part of our investment process we do analyse and invest in companies in Australia and internationally that are using innovative technologies.

**6.5 In the present inflationary and uncertain market how Australian Super is ensuring consistent growth across investment portfolio without increasing insurance premiums taken under Super; In summary will an individual see decent growth in investment?**

The investment portfolio is separate from insurance cover; therefore investment decisions do not affect insurance premiums.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

AustralianSuper's insurance premiums reflect the cost of claims and the cost of administering the insurance products. The Fund makes no profit from insurance. Our claims analysis shows that there are more death and disablement claims as members get older. As such the premiums are higher for older members, to pay these increased claims.

On 28 May 2022, we lowered the insurance costs for around 1.1 million members.

**6.6 If its not already answered, what will be the objective of the investing. Will you look to new sectors being created? Or areas that have fallen and are looking to grow back? And if so what will be the goal or objective to the outcome of your investing strategy? To grow our wealth, grow a sector for future benefits or to safeguard against potential long term losses?**

AustralianSuper's focus is to maximise investment returns over the long term. We invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.7 How will AusSuper respond to poor performance? And investment fee rebates?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

AustralianSuper is proudly a profit-for-member fund. This means our fees cover the cost of running the Fund and any profits go to members. Our investment fees and costs reflect the actual amount it costs to invest on our members' behalf, so we can help them to achieve their best financial position in retirement.

Given different market conditions and investment activity these investment fees and costs can change from year-to-year, but they are always considered through a members' best financial interest lens.

**6.8 With the alarming rate we have lost funds this year and with the future not looking like improving until maybe later next year plus with the threat of a global recession would we be better off transferring funds to cash and when the economy shows signs of improvement (possibly next year) transfer funds back to the balanced fund before most of our remaining funds have gone? Also is there any consideration in reducing your charges during the downturn?**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of

investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

#### Fees and costs

AustralianSuper is proudly a profit-for-member fund. This means our fees cover the cost of running the Fund and any profits go to members. Our investment fees and costs reflect the actual amount it costs to invest on our members' behalf, so we can help them to achieve their best financial position in retirement.

Given different market conditions and investment activity these investment fees and costs can change from year-to-year, but they are always considered through a members' best financial interest lens.

### **6.9 Question 1 Are we looking at build to rent as a method to support the housing market? Question 2 Are we invested in new Australian technologies to keep and expand them here in Australia?**

Each investment that we consider for the portfolio must meet the goal to deliver the best possible retirement outcome for members. This includes having the potential to generate strong long-term returns that corresponds with the risk of the asset.

AustralianSuper believes in supporting companies who are innovating for a better future. To date, we've committed to invest more than \$1 billion to support emerging industries and promising Australian companies. This includes:

- A commitment of approximately \$700 million to Australian venture capital funds,
- A dedicated in-house investment team focussed on identifying and investing in small and/or early stage ASX listed companies to support their growth plans,
- An investment in Assemble Communities, a start-up affordable housing provider, to help fast-track the development of affordable housing projects in our cities.

### **6.10 What is the management's strategies to deal with global economic uncertainties and minimise investment risks? Are the management considering getting into the government's affordable housing projects ?**

AustralianSuper's focus is to maximise investment returns over the long term. We invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

As a long-term investor, we're focused not only on managing the portfolio through the current market cycle, but also taking time to identify and research the long-term trends that we believe will impact our investment strategy and program into the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **6.11 Why is aust super investing into public housing which is political and NOT in investors best interests.**

### **6.12 Will Australian Super put members interests first and resist Labor's push to have Industry Super funds invest in social housing, which will not have the same ROI on other possible investments?**

As Australia's largest super fund, we believe we can be part of a broader solution to housing affordability while delivering on our purpose to help members achieve their best financial position in retirement.

Answered by Chief Executive Paul Schroder at the AMM: The first part is: are we intending to invest members' money? Well, the answer is we don't know yet because it will always be, always be, a matter of risk and return and will we be getting a good enough return for the risks that we're taking.

So what we have said is we're really absolutely committed to engaging in a discussion with the construction industry and with local government and with State Governments and with Federal Governments to see if we can be an active and positive force in the discussion about housing affordability because a lot of people are having a lot of trouble finding safe and secure housing, especially younger people. But our only lens is: will we make enough money for you out of it? And some of you might have seen that I made some public comments saying that the kind of return we need is somewhere between 6% and 11%, depending on how much risk we're taking or the risks that we're sharing with others.

So the answer is we haven't had to consider whether we are going to invest or not because there's nothing in front of us to make a judgment about. If you ask, are we interested in engaging properly about this, of course we are because AustralianSuper members are members of the Australian community and they want to be able to live well in retirement and as they're building their balances. So the answer is no, we haven't decided to do anything about that yet and we're working constructively, but we'll only do it if it makes you enough money for the risk that we're taking on your behalf.

The second part of that is how will members' interests be protected. Well, you'll be protected in exactly the same way as we apply the investment thesis to any other thing as part of a diversified portfolio. So don't be under any illusion: we'll only ever see this through an investing lens. But we do think that if the Federal Government released more land and if it was easier to get approvals and if construction could become cheaper because it could be done at scale, and then if we and banks were involved in that, we do think that there's an investable proposition there but it's a long, long way before we'll need to make a judgment about whether we're investing or not.

**6.13 Can you tell us what you are going to do to protect us with a looming recession? Also whilst we recovered nicely after the Pandemic our funds have been stagnant for the last 12 months, can you please tell us why?**

After a strong first half of FY22, the global economy and investment markets were impacted by several factors in the second half of the financial year – including inflationary pressures, heightened geopolitical tensions and rising interest rates. These factors have contributed to market uncertainty – both in Australia and throughout the world.

AustralianSuper's focus is to maximise investment returns over the long term. We invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

As a long-term investor, we're focused not only on managing the portfolio through the current market cycle, but also taking time to identify and research the long-term trends that we believe will impact our investment strategy and program into the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.14 China is already diving into a great recession lead predominantly by their real estate bubble burst - which is approximated to be in the trillion dollar value. This, along with the inevitable collapse of the USA economy, what, where, when and how is Australian Super doing to protect the assets of its many clients and stakeholders?. At the time of writing (September 22), billions of dollars was quickly wiped out from the stock market. How has this impacted Australian Super and its trusting clients and stakeholders?. To date, how much has been wiped out from Australian Super capital, and on average what percentage of loss (or gain) has the average client incurred?. Thank you, Chris M., from Darwin**

Our investment team has been anticipating an economic slowdown for some time.

We've already started to shift to a more defensive strategy and prepare the portfolio for a lower growth environment by reducing our weighting to growth assets, like listed shares, in favour of more defensive assets, like fixed interest. The potential for an economic downturn in the years ahead makes fixed interest assets more attractive at current yields.

We know from experience that periods of market volatility can create new investment opportunities. We actively look for assets that may have been mispriced by the market in the short term and to make investments where we see long-term value.

Investment returns are dependent on the investment option and time period invested. While the Balanced option's return over the 1 year ending 30 September 2022 was -4.75%, the average return over 3 years was 4.69% per annum and over 10 years was 8.85% per annum.

**6.15 Last Financial Year Australian Super has reported a negative return. By comparison many other Super Funds have returned solid positive returns for the same period. Has this been reviewed by the management and what clear steps has the management taken to remediate this situation for this and upcoming Financial Years? Please provide details.**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

While we recognise that there were a few balanced options that did have positive returns during the financial year, the median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the Top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

**6.16 You have invested a lot into UK property. Due to a possible upcoming recession has this investment had a large bearing on the negative returns for the 2021/2022 results?**

The unlisted property portfolio had positive returns during the 2022 financial year, providing a ballast for the performance of the PreMixed options. Market conditions provided favourable performance for mixed-use/development assets and industrial properties. The UK property holdings had a positive contribution to the returns of the unlisted property portfolio during the period.

**6.17 This year we learned that the life can be very unpredictable and that something that looked like a very distant conflict (a war really) can shake the entire world. Some have food shortages, some observe rocketing fuel prices and inflation, house prices that goes up and down and up again. Taking all this into account what recommendations can you provide to your customers about the investment options? Should we still stick to the balanced option or change it to something more risky but profitable? How we can ensure that in 50 years our superannuation savings will provide enough to live from that?**

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.



**6.18 1. Are we able to accurately predict troughs and crests. 2. If everybody wants to gain, have we found out a loser who is ready to lose for you. 3. Is this not a gambling with time period elongated vs a guy sitting in casino putting his all at risk - Difference could be Individual vs a group who thinks that they can gain from others. 4. These are not esoteric or metaphysical questions - these are real questions that ask all that when will we all (all means all) learn to be winners.**

The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

AustralianSuper's investment incorporates research on economic cycles into our asset allocation and security selection processes. We do believe that asset classes behave in a relatively predictable manner at each phase of the economic cycle and that adjusting the level of risk in the portfolio can add value to investment performance.

AustralianSuper sets a strategic asset allocation for each of the PreMixed options. The strategic asset allocation for each investment option represents the long-term view of the Investment team, the outlook over the next five-plus years and the key positions that we are targeting over the longer term.

The Investment team also applies strategic tilts. These are adjustments to the strategic asset allocation based on our short-term views of economic and market conditions. AustralianSuper seeks to generate investment returns through active asset allocation to the major asset classes. The basis of the strategic tilts are relative return outlooks informed by quantitative and qualitative analysis of investment markets and the global economy. Strategic tilts are recommended based on analysis of a combination of factors including valuation, cycle, policy and thematic drivers.

**6.19 2021/2022 investment hasn't been at its worst performance, once again after 2019/2020 financial year. What strategies will the company use to face this difficult situation? What is your advice to the members like myself? Should we withdraw from the investment contribution?**

Our investment team has been anticipating an economic slowdown for some time.

We've already started to shift to a more defensive strategy and prepare the portfolio for a lower growth environment by reducing our weighting to growth assets, like listed shares, in favour of more defensive assets, like fixed interest. The potential for an economic downturn in the years ahead makes fixed interest assets more attractive at current yields.

We know from experience that periods of market volatility can create new investment opportunities. We actively look for assets that may have been mispriced by the market in the short term and to make investments where we see long-term value.

**6.20 advice for high growth funds (30-40 yr old) age bracket.**

If you would like to discuss your own personal situation in more detail, you can use our "find an adviser" tool <https://findadviser.australiansuper.com/home> or alternatively, please speak to our contact centre on 1300 300 273 who can assist you.

**6.21 After a poor performance over the last period and continued world wide challenges what is being done to deliver growth within the fund?**

Our investment team has been anticipating an economic slowdown for some time.

We've already started to shift to a more defensive strategy and prepare the portfolio for a lower growth environment by reducing our weighting to growth assets, like listed shares, in favour of more defensive assets, like fixed interest. The potential for an economic downturn in the years ahead makes fixed interest assets more attractive at current yields.

We know from experience that periods of market volatility can create new investment opportunities. We actively look for assets that may have been mispriced by the market in the short term and to make investments where we see long-term value.



## **6.22 Based on current market predictions where major global recessions are predicted is it not wise to convert to interest only options to ride it out**

AustralianSuper's investment incorporates research on economic cycles into our asset allocation and security selection processes. We do believe that asset classes behave in a relatively predictable manner at each phase of the economic cycle and that adjusting the level of risk in the portfolio can add value to investment performance.

AustralianSuper sets a strategic asset allocation for each of the PreMixed options. The strategic asset allocation for each investment option represents the long-term view of the Investment team, the outlook over the next five-plus years and the key positions that we are targeting over the longer term.

The Investment team also applies strategic tilts. These are adjustments to the strategic asset allocation based on our short-term views of economic and market conditions. AustralianSuper seeks to generate investment returns through active asset allocation to the major asset classes. The basis of the strategic tilts are relative return outlooks informed by quantitative and qualitative analysis of investment markets and the global economy. Strategic tilts are recommended based on analysis of a combination of factors including valuation, cycle, policy and thematic drivers.

## **6.23 Blind Freddy could predict and see the quick raising of interest rates in the US yet the stable fund kept a large exposure to US equities with the resultant tanking of fund balances. Why?**

AustralianSuper's investment incorporates research on economic cycles into our asset allocation and security selection processes. We do believe that asset classes behave in a relatively predictable manner at each phase of the economic cycle and that adjusting the level of risk in the portfolio can add value to investment performance.

While the Stable option has a lower risk profile, its holdings are subject to market risk and the potential for negative returns.

The Stable option has a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

In international equities, our security selection approach focuses on tilting the portfolio to/from areas that we believe to be undervalued/overvalued. In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

## **6.24 Can you speak into any systems that you might use to respond to global supply challenges affecting associated asset classes.**

AustralianSuper's investment incorporates research on economic cycles into our asset allocation and security selection processes. We do believe that asset classes behave in a relatively predictable manner at each phase of the economic cycle and that adjusting the level of risk in the portfolio can add value to investment performance.

AustralianSuper sets a strategic asset allocation for each of the PreMixed options. The strategic asset allocation for each investment option represents the long-term view of the Investment team, the outlook over the next five-plus years and the key positions that we are targeting over the longer term.

The Investment team also applies strategic tilts. These are adjustments to the strategic asset allocation based on our short-term views of economic and market conditions. AustralianSuper seeks to generate investment returns through active asset allocation to the major asset classes. The basis of the strategic tilts are relative return outlooks informed by quantitative and qualitative analysis of investment markets and the global economy. Strategic tilts are recommended based on analysis of a combination of factors including valuation, cycle, policy and thematic drivers.

## **6.25 Did Australian Super suffer heavy losses from Russian investments as part of the international share funds and have they changed strategy since to not invest in similar regimes?**

The Russian invasion of Ukraine was deeply concerning from a humanitarian perspective, and quickly led to the Russian market becoming uninvestible. The Fund had a small exposure to Russian holdings, which it has exited where possible.

Since June 2021 we have reduced the Fund's exposure to Russian investments by nearly two thirds from 0.22% to around 0.07% of total assets in March 2022. Any remaining Russian holdings are valued at zero in the portfolio and will be divested as markets permit.

**6.26 Do we as members have any debt in our portfolios. I recently heard that the reasons the recent crisis in the UK markets in regards to pension funds was due to the threat of margin calls on pension funds that has loans on government bonds. I would have thought that there would be no debt in a pension fund and only members own money invested. Do we have this liability in our superannuation funds?**

Your question brings up a variety of different topics, including the structure of retirement systems, liquidity risk and investment exposures.

**1. Structure of retirement systems:**

The margin calls on the UK pension funds are due to their structure, i.e. defined benefit, compared to Australia's super system, which is defined contribution.

With a defined benefit system, the portfolios are managed to ensure they can meet the liabilities of payouts guaranteed to pensioners. This often involves matching portfolio cashflows to liabilities. Some of the UK pension funds used LDI or Liability-Driven Investment strategies to meet this objective. These investments were affected by the spike in yields which led to collateral calls for pension funds invested in those strategies. Pension funds that required liquidity were forced to sell investments which put further downward pressure on investment markets.

Super and your investments in the AustralianSuper options are a defined contribution system, which means that the risk of your portfolio is based on the level of risk in the investment option that you choose.

**2. Liquidity Risk:**

The Fund's liquidity risk is managed on a daily basis in accordance with the Fund's Liquidity Management Plan and Investment Strategy. Stress testing and scenario analysis are completed on a regular basis. The Fund's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Fund's reputation. The Fund's overall liquidity risks are monitored by the Fund's Investment Committee.

See additional information in the Fund's Annual Financial Report: <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

**3. Investment exposures:**

Fixed interest and credit investments are in the asset allocation of the PreMixed options and the Diversified Fixed Interest option. This includes loans and bonds issued by governments, corporations, commercial real estate construction and brownfield infrastructure assets. Our investment team closely monitors the risk and return characteristics of these securities so that they meet the investment objectives of each investment option.

Each investment that we consider for the portfolio must meet the goal to deliver the best possible retirement outcome for members. This includes having the potential to generate strong long-term returns that corresponds with the risk of the asset.

**6.27 Does Aus Super create specific portfolios to provide some level of capital safety against the impacts of recession in Australia and internationally**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

**6.28 Does Australian Super have investments in Russian Companies?**

The Russian invasion of Ukraine was deeply concerning from a humanitarian perspective, and quickly led to the Russian market becoming uninvestible. The Fund had a small exposure to Russian holdings, which it has exited where possible.

Since June 2021 we have reduced the Fund's exposure to Russian investments by nearly two thirds from 0.22% to around 0.07% of total assets in March 2022. Any remaining Russian holdings are valued at zero in the portfolio and will be divested as markets permit.

**6.29 Does Australian Super use Dollar Cost Averaging? e.g. Is it good to contribute to Super when markets are down, so it benefits when the markets are up again after a year or two?**

Putting your investing strategy on autopilot and consistently contributing to your super helps to build your balance over time. As it is difficult to predict the bottom or the top of a market, continuing to add to your investments over time enables you to participate in investment growth as markets recover. Delaying an investment purchase could result in an investor missing out on a market rally.

**6.30 Given current volatility and inflation, what measures have been implemented to ensure security and sustained growth?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.31 Given the current volatility in the share market and other financial circles, what is being done to ensure continued bance growth in Choice Income accounts?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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**6.32 I have two questions for the Chief Investment Officer: 1. I know of talk of using options or hedges to protect market downside losses. eg. A balanced fund that has a slightly higher fee structure but will offer a bass line against significant market downward swings ....2. Why is the Conservative Balanced and Stable funds still having negative returns recently rather than giving more neutral or slightly positive returns with increased interest rates, why are you not re-balancing these to deliver this?**

While there are investment strategies that can further lower downside risk, these often incorporate insurance or hedge approaches that can be costly to implement and can reduce the upside benefit of investment market growth over the long-term.

While the Conservative Balanced and Stable options have a lower risk profile than the Balanced option, their holdings are subject to market risk and the potential for negative returns. The asset allocation differences, balanced with the performance of those asset classes are the key reasons for the performance comparison between the options. The holdings within the asset classes are the same for both options.

The Conservative Balanced and Stable options have a higher exposure to fixed interest assets and a lower exposure to growth assets such as Australian and international shares. While fixed interest is typically a defensive asset class, the rapidly rising interest rates this year did put negative pressure on the value of fixed interest assets. In some periods, such as the quarter and the year ending 30 September 2022 the fixed interest asset class underperformed Australian equities. Looking forward, the interest rate rises have improved the return outlook for the fixed interest asset class.

**6.33 How are members investments being handled during this downturn?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.34 How are you going to avoid the poor performance demonstrated in FY 2022?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **6.35 How are you positioning the Balanced portfolio for a potential extended downturn in equities driven by high inflation and interest rates?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **6.36 how are you protecting our returns in current environment?**

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### **6.37 How do our fund managers respond to the dramatic market fluctuations to mitigate against losses.**

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### **6.38 How do you manage investments currently with the uncertainties i.e. the war in Ukraine and high inflation?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **6.39 How does Australian Super manage the split between cash & balanced investments (for say a choice income account) in response to changing economic conditions (higher interest rate environment) or is this left entirely up to the member.**

AustralianSuper sets a strategic asset allocation for each of the PreMixed options. The strategic asset allocation for each investment option represents the long-term view of the Investment team, the outlook over the next five-plus years and the key positions that we are targeting over the longer term.

The Investment team also applies strategic tilts. These are adjustments to the strategic asset allocation based on our short-term views of economic and market conditions. AustralianSuper seeks to generate investment returns through active asset allocation to the major asset classes. The basis of the strategic tilts are relative return outlooks informed by quantitative and qualitative analysis of investment markets and the global economy. Strategic tilts are recommended based on analysis of a combination of factors including valuation, cycle, policy and thematic drivers.

### **6.40 How does AustralianSuper maximise the return for member in touch economic condition?**

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### **6.41 How does Aus Super decide and choose where to invest our super contributions? I have seen my super growth in the negative since joining 2 years ago. On the other hand, I have grown my Members Direct investment by 74% and still growing. How is it the Aus Super choosing investments where we lose money?**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor



sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on the profitability of companies which supports their company valuations.

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### **6.42 How to defend the AustralianSuper Fund Account in the next financial crisis as such as pandemic and war?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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#### **6.43 How will Australian Super consider new and alternate investment strategies in the current climate, on behalf of its members, given that members' overall balances have been evaporating since December of 2021, where balances are lower now than what they were then, and that's even after Employer and Employee Super contributions have been made?**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on the profitability of companies which supports their company valuations.

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

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#### **6.44 How will Australian super ensure to members have faith on them to get some earnings in next couple of years ( after current losses)**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on the profitability of companies which supports their company valuations.

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

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#### **6.45 How will you navigate risks if the stock market crashes by 50% or more?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### **6.46 How's the team going to defend portfolio given volatile market environments?**

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**6.47 I am concerned over the timing of the valuation attributed to unlisted investments given both the time lag of the valuation and out of date valuation key assumptions. Given unlisted investments are a significant portion of the investment portfolio and the 30 June 2022 results announced immediately after year end, how often (monthly, quarterly, annually) are the unlisted investments valued, what date are the investments valued if not as at 30 June 2022 , and what are the key general valuation assumptions?**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation

for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

**6.48 I would like to know are investments traded in both directions. IE besides going long, do your financial managers trade by shorting as well. If so it then appears the return on investments are relatively low.**

The entities controlled by the Fund have been set up for the purpose of holding investments that generate capital appreciation and investment income.

Most investment mandates in the portfolio are restricted from holding net short positions.

**6.49 If we expect an outbreak of war what is the best super strategy?**

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

**6.50 In good years when Investment Returns are good ! Why can't you not try to Smooth Investment Returns when clearly we are in a BEAR Market ?**

While there are investment strategies that can further lower downside risk, these often incorporate insurance or hedge approaches that can be costly to implement and can reduce the upside benefit of investment market growth over the long-term.

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investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

#### **6.51 Is it a viable investment strategy to change to cash given the prospect of a global recession?**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

#### **6.52 Is the fund changing within its balanced option to Fund owned assets like real estate and infrastructure. Sydney Airport would be an example.**

Unlisted assets are an integral part of member investment options as they provide diversification, relative return stability, better risk adjusted returns and a long-term focus. Unlisted assets in the portfolio include private equity, unlisted property, unlisted infrastructure and private credit. Each of these asset classes have a strategic asset allocation in the Balanced option.

Examples of our holdings are available at:

<https://www.australiansuper.com/investments/what-we-invest-in>

#### **6.53 Is there in-house algorithmic trade team or it's outsourced? To whom? Why not?**

AustralianSuper does have a Capital Markets team as part of the Investments team. Capital Markets manages trade execution for all internally managed mandates. The team also enhances our portfolio oversight and implementation efficiency to optimise the management of capital flows, liquidity risks and transaction costs.

#### **6.54 My super balance has lost \$70K since its highest balance last year. What is AusSuper doing to address the problem or limit the continued loss?**

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#### **6.55 New research from SuperRatings has found there is a "high risk at retirement" for many of the current top-returning super funds due to investment strategies used to deliver high returns. What is Australia Super doing to ensure this does not impact members nearing retirement?**

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

We believe that the Balanced option is well placed to generate the returns that members need to build a pool of assets to help achieve their retirement outcomes. The Balanced option is invested in a diverse mix of asset classes to achieve strong long-term investment returns while seeking enough risk to meet the investment objectives. The Balanced option seeks to beat the median balanced fund and the CPI +4% over the medium to longer term.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

**6.56 Noting the challenging operating conditions - if one is near transfer to a pension is it considered prudent to move funds to cash, or is it better to ride out the challenges over the next 12 months?**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

**6.57 Our investment in loss and gains depends on what reasons?**

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks.

As a result, high-growth sectors, including technology and consumer discretionary companies, have fallen in value after performing strongly for several years. The rise in interest rates also put downward pressure on fixed interest values causing negative returns within that asset class. Investments in private market assets provided a ballast to the return of a diversified portfolio. Our private equity, unlisted infrastructure, unlisted property and private credit portfolios all had positive returns for the year ending 30 June 2022.

**6.58 Please confirm Australian Super approach to seek the highest return for members over and above any social or political persuasions?**

Each investment that we consider for the portfolio must meet the goal to deliver the best possible retirement outcome for members. This includes having the potential to generate strong long-term returns that corresponds with the risk of the asset.

**6.59 Please let me know the vision of investment now and the future.**

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**6.60 Question everyone is asking how do we protect our Super in a Bear Market?**

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.



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#### **6.61 ROI has been negative for the year, what is being done to address this?**

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#### **6.62 Should I be locking my super I to cash now , due to the economic uncertainty.**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

#### **6.63 Should we get into cash?**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

#### **6.64 Should we switch our superannuation (portion) to low impact/defensive/stable fund when the. value of share tend to drop globally?**

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
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#### **6.65 The risk of a global recession is growing. How will Australian Super safeguard members' holdings during the coming financial downturn?**

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#### **6.66 This year has been one of the worst for Australian Super. What changes have you made to the investment structures since COVID began so that we don't experience such a big loss our super.**

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#### **6.67 To what degree will Australian Super invest in Australian produced rare earth minerals**

AustralianSuper does invest in companies that produce rare earth minerals. Our investment approach incorporates supporting companies that meet our investment thesis.

In our analysis of assets in the portfolio, we look at their fundamentals and how they are expected to perform over the next 5 plus years. By ascertaining a company's competitive positioning, pricing power and market dominance, we seek to invest in companies that should continue to be great businesses. This enables us to tune out the noise of the current market conditions to invest in high quality businesses that have sustainable competitive advantages.

#### **6.68 What actions have been taken to stop to declining assets values for my super. What I see is that my super has eaten up all my contributions for last 2 years and it's still declining heavily. But the fees are gone up paid to manage the fund.**

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## Fees and costs

AustralianSuper is proudly a profit-for-member fund. This means our fees cover the cost of running the Fund and any profits go to members. Our investment fees and costs reflect the actual amount it costs to invest on our members' behalf, so we can help them to achieve their best financial position in retirement.

Given different market conditions and investment activity these investment fees and costs can change from year-to-year, but they are always considered through a members' best financial interest lens.

### **6.69 What adjustments to the Balanced Fund are made to respond to a high interest rate environment?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **6.70 What are the Fund's plans to mitigate against the current and predicted volatility in financial and property markets both domestically and globally?**

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### **6.71 What are they doing to protect us from the dropping stock market and are they investing into safer investments**

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#### **6.72 What are you doing to improve returns on our investments?**

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#### **6.73 What investment strategy is AustralianSuper pursuing to mitigate the risks associated with high inflation? Are there higher concentrations in say, infrastructure assets, to combat the investment risks associated with high inflation?**

AustralianSuper does invest in infrastructure assets and the PreMixed options have a strategic asset allocation to these assets. Examples of our holdings are available at:

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#### **6.74 What is Australian Super doing to mitigate the risk and impact of market volatility on our super?**

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#### **6.75 What is Australian Super strategy to recover the losses from last financial year?**

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Given different market conditions and investment activity these investment fees and costs can change from year-to-year, but they are always considered through a members' best financial interest lens.

#### **6.76 What is AustralianSuper strategy to tackle the rising interest rates effect on investments?**

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#### **6.77 What is the focus of Australian Super to ensure that our superannuation will be secure and endure given the uncertainties that abound?**

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markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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#### **6.78 What is the investing strategy of AustralianSuper will be used in the further 1-2 years?**

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#### **6.79 What services do Australian Super offer to advise and assist its members diversify their investment portfolio and spread across multiple investment avenues and reduce the heavy reliance on real estate as the only major investment Avenue?**

You can contact the fund direct on 1300 300 273 to speak to a phone adviser as a good first step or seek support via: <https://www.australiansuper.com/tools-and-advice>

#### **6.80 What should be the right mix given the market conditions?**

Key areas to focus on when investing include:

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2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

If you would like to discuss your own personal situation in more detail, you can use our "find an adviser" tool <https://findadviser.australiansuper.com/home> or alternatively, please speak to our contact centre on 1300 300 273 who can assist you or seek support via: <https://www.australiansuper.com/tools-and-advice>



### **6.81 What steps are being taken to look at alternatives to investing in the Bond market?**

AustralianSuper does invest in a variety of investments that have defensive characteristics. Some unlisted infrastructure and unlisted property assets have income streams that provide relative return stability and are less subject to short-term market volatility. Cash is also used in the portfolio as a defensive asset class.

With the recent interest rate rises the return outlook for fixed interest assets has improved for future investments in the asset class.

### **6.82 What we should do to avoid losses?**

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

### **6.83 what's the strategy to protect members funds and achieve above market returns over the next years in a bear market**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **6.84 When the stock market is in a crisis like it has been for many months why doesn't Australian Super move money into Cash to save peoples future and then put fee's up. Its a loss / loss to your customer**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. Cash investments have a low probability of outperforming inflation over the long-term.

### **6.85 Who is accountable for your bad decisions when investing member's funds. Someone has to be responsible! per and make very wrong decisions.**

The Board is responsible for the strategic direction of the Fund and to ensure that an appropriate governance framework is in place and well maintained.

The Board has delegated to the Investment Committee responsibility for overseeing and monitoring the performance of the Fund's investment options against their objectives. The Investment Committee plays a crucial role in the investment governance for members by approving the Fund's investment strategy and providing oversight of the investments program.



The Chief Investment Officer is responsible for the strategic direction of the Fund's investment program.

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns. After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

For context, the median balanced option returned -3.44% for the year ending 30 June 2022, compared to the AustralianSuper Balanced option's return of -2.73%. AustralianSuper's Balanced option has delivered an average return of 9.32% every year over the last 10 years after all investment fees, costs and taxes and is ranked in the Top 2 over 7, 10 and 20 years.\*

\*AustralianSuper Balanced investment option compared to the SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60–76) Index to 30 June 2022. Investment returns aren't guaranteed. Past performance is not a reliable indicator of future returns. Returns from equivalent investment options of the ARF and STA super funds are used for periods before 1 July 2006.

## **6.86 Why Aust Super investing overseas?**

AustralianSuper invests about 50% of member assets overseas. International markets provide additional opportunities for diversification and return enhancement.

AustralianSuper is also building on our on-the-ground presence in key financial markets, such as London, New York and Beijing, which allows us to better understand local markets, be more agile in our investment decisions and build upon the networks and strategic relationships needed to identify and act on attractive investment opportunities.

## **6.87 Why does AustralianSuper invest in private unlisted investments? As per Scott Pape Barefoot Investor Newsletter dated 19-Sep-2022, he talks about how CALPERS (the California Public Employees' Retirement System) took a multibillion-dollar bath on their private equity investments, and that he does not invest in industry super funds that have private unlisted investments.**

Unlisted assets are an integral part of member investment options as they provide diversification, relative return stability, better risk adjusted returns and a long-term focus. Unlisted assets in the portfolio include private equity, unlisted property, unlisted infrastructure and private credit.

Investing directly into unlisted assets has high barriers to entry which historically has provided a return premium over listed assets. The return premium is derived from the complexity of transacting in unlisted assets as well as their illiquidity. Investing in unlisted assets requires specialised expertise and has large transaction costs. Having sufficient resources to analyse and evaluate unlisted opportunities, as well as negotiate and implement contractual terms, requires adequate scale to justify the allocation of resources to execute at a reasonable cost. Unlisted assets also require large capital outlays and an extended time horizon for investment. These factors provide an illiquidity return premium for patient investors that can allocate long-term capital to invest in unlisted assets.

AustralianSuper has established our capabilities to manage investing in unlisted assets that leverages the skills and insights of a multi-asset class platform to maximise investment outcomes for members.

Additional information available at: <https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/australiansupers-unlisted-assets.pdf>

## **6.88 Why doesn't Australian Super invest in index funds?**

We believe an active management approach is the best way to invest. That's why we select specific sectors, assets and stocks that we believe will outperform the broader market. This is supported by quality research, experienced investment specialists and a disciplined investment process. We also use index managers in some options to lower overall portfolio costs or where active management opportunities are smaller.

AustralianSuper offers the Indexed Diversified option that invests in listed shares, fixed interest and cash using indexing strategies.

**6.89 With the higher interest rates and property values decreasing, how is this likely to impact my Balanced income stream over the next 1-2 years.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years.

**6.90 Within the Balanced portfolio, what/if any leavers are available to AustralianSuper to help mitigate against the downward pressures and vicissitudes of local and international markets during turbulent times?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.91 Does Australian Super consider age based investment strategies when managing our super portfolios or have a strategy to address this as we age?**

Following considerable research into lifecycle products and our member base, our analysis demonstrated that most of our members have a relatively long investment horizon (including retirees) and can therefore benefit from a long-term capital growth strategy. The two exceptions are members with a shorter investment horizon, who would consequently have a lower capacity to bear market volatility and those approaching retirement with a small account balance. In this instance the Age Pension acts as a safety net against investment and longevity risks.

We believe that the Balanced option is well placed to generate the returns that members need to build a pool of assets to help achieve their retirement outcomes. The Balanced option is invested in a diverse mix of asset classes to achieve strong long-term investment returns while seeking enough risk to meet the investment objectives. The Balanced option seeks to beat the median balanced fund and the CPI +4% over the medium to longer term.

For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

**6.92 The difference in the downside movement last financial year between the investment options balanced and stable is very small. On an upside cycle the balanced option is resulting much better returns. Is the stable option therefore almost obsolete?**

Each of the PreMixed options have different investment objectives, varying levels of risk, investment timeframes and expected returns. While the performance of the international shares and fixed interest asset classes provided headwinds to the performance of the PreMixed options in financial year 2022, the investment strategy of each of the options has not changed. The Stable option continues to have a lower risk profile than the Balanced option and provides more capital stability than the Balanced option over the medium term.

**6.93 Are their risks investing in China given our political climate with China**

We analyse and monitor geopolitical risks and the potential impact on assets in the portfolio. Accordingly, our direct exposure to Chinese assets is about 1% of the overall portfolio. AustralianSuper has a small number of staff in the Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team.

#### **6.94 What is AS's position in relation to risky asset investment like blockchain and Bitcoin?**

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

#### **6.95 What percentage of Balanced Fund assets comprise leveraged products such as derivatives, mortgaged investments and crypto related assets?**

While the investment strategies of the underlying entities in the portfolio may include the use of leverage, leverage is not allowed at the investment option level. The Fund Financial statements and portfolio holdings disclosure provide information on these holdings.

The Fund does not invest in crypto currency.

<https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

<https://www.australiansuper.com/investments/what-we-invest-in>

#### **6.96 How does the long-term investment mindset help those who are close to retirement?**

Investing during the pension phase of your retirement is an important part of the super journey. With increasing longevity, many members may need to earn an income from their super for several decades. If you retire at 67, you may be living off your super for over 20 years, so long-term investment strategies are equally important in retirement. To assist with retirement strategies, please see our tools to support members in retirement:

<https://www.australiansuper.com/retirement>

<https://www.australiansuper.com/retirement/retirement-articles/2022/03/benefits-of-investing-in-retirement>

#### **6.97 Is AS investing into any Russian businesses or suppliers?**

AustralianSuper is deeply concerned about the ongoing events unfolding in Ukraine and are fully compliant with all relevant sanctions.

AustralianSuper had been actively reducing the Fund's exposure to Russian assets well before the current conflict in Ukraine.

Then in March 2022, we announced our intention to fully divest our remaining exposure in Russian-based assets as markets permitted and had written down the value of these assets to zero.

Given the ongoing conflict and challenges in Russia, markets have not yet permitted the Fund to fully divest all of our holdings, but it remains our intention to do so as soon as practicable.

These assets remain valued at zero.

#### **6.98 Why is there so much emphasis and time spent on environmental and climate change issues? My money is with you to maximise returns. It is not to be green or save the world or educate companies on these issues. How much time and money is spent and wasted on this rather than maximising returns?**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

We integrate ESG risks and opportunities into our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means it is essential to incorporate ESG factors into our investment thinking so that we can deliver better long-term returns for members.

More and more we are seeing companies acknowledge that their long-term success and ability to generate long term value has a direct link to the way they approach and manage ESG issues.

#### **6.99 Why doesn't the fund using smoothing to return lower returns?**

We do not use smoothing or subjectivity in our performance reporting. We have a well-defined process, which ensures that the basis of our valuations is reasonable, transparent and consistent, regardless of performance from year-to-year.

#### **6.100 Why doesn't the fund use smoothing to return less in good years like last year and more in poor years like this year**

We do not use smoothing or subjectivity in our performance reporting. We have a well-defined process, which ensures that the basis of our valuations is reasonable, transparent and consistent, regardless of performance from year-to-year.

#### **6.101 While we all support ESG, should we expect poorer returns as the fund places more scrutiny on investments and one would assume eliminates more risky but better returning opportunities**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

We integrate ESG risks and opportunities into our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means it is essential to incorporate ESG factors into our investment thinking so that we can deliver better long-term returns for members.

More and more we are seeing companies acknowledge that their long-term success and ability to generate long term value has a direct link to the way they approach and manage ESG issues.

#### **6.102 Some analysts observed that asset valuation affected the quality of investment - optimistic valuation of fixed assets and private equity for example means future returns are pessimistic. What strategies have you to prevent your quality of investment is not affected by over optimistic valuation of assets?**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

#### **6.103 Due to the Geo political situation in China, what is your strategy in Beijing/China ? Would Singapore is a more stable option?**

We analyse and monitor geopolitical risks and the potential impact on assets in the portfolio. Accordingly, our direct exposure to Chinese assets is about 1% of the overall portfolio. We also have some investments in Singapore. Regarding Beijing, AustralianSuper has a small number of staff in our Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team.

**6.104 Can you please advise:**

- 1. Does Australian Super have any exposure to the FTX collapse or Crypto currency in general?**
- 2. Do you believe the Crypto meltdown will flow on and affect the general financial market, and therefore Aust Super?**

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

**6.105 The performance of the fund is not better than the ASX growth over the past 20 years. How will you protect High Growth investors going forward?**

The High Growth option is a diversified portfolio with investments across a variety of asset classes. As the High Growth option's strategic asset allocation to Australian shares is 27.25%, the returns of the option are expected to be different than the performance of the Australian share market. The investment objectives for the High Growth option are to beat the median growth fund over the medium to longer term and to beat the CPI by more than 4.5% pa over the medium to longer term. AustralianSuper diversifies and allocates assets in the option to take sufficient risk to meet the investment objectives of the option while balancing the potential for downside volatility.

**6.106 Why did Australian Super withdraw itself from Pilbara Lithium altogether?**

While AustralianSuper ceased to be a substantial holder of Pilbara Minerals Limited in November 2022, the company is still held in the portfolio. See our portfolio holdings at: <https://www.australiansuper.com/investments/what-we-invest-in>

**6.107 Is there a limit on how much of the balanced portfolio will be allocated to unlisted assets (ie. are you proposing to get in to >50% Hostplus territory?)**

In the Balanced option, we weigh risk, expected returns, cost and illiquidity risk limits when determining the asset allocation of the portfolio. Based on these inputs, exposure to unlisted assets is expected to be around 25 to 35% of the option in the near term.

**6.108 please comment on the relative performance & risk of the balanced & conservative balanced funds in retirement mode**

The Conservative Balanced option has a lower risk profile than the Balanced option and has an investment objective to beat CPI by more than 2.5% over the medium term.

Mark Delaney provided the below answer for the Balanced plan; therefore the projected risk and return would be lower for the Conservative Balanced option.

'In the last 10 years, the Balanced plan earned over 9% per annum, which is a really big return for us. In the long run, we set out to earn inflation, which is, say, 2%, 2.5%, plus an extra 4%. So 6.5% is our long run number. Now, if we can do better than that, we're adding value to members, and the last period has been very good for members and we made 9%.

I don't think the next 10 years is going to be as good as the last 10 years, and that's because interest rates aren't going to be as low and as favourable as what we saw during that period after the financial crisis. So I'm inclined to think that returns will come back more toward the long run average of 6.5% to 7.5%, those style numbers, rather than the very big returns of 9% we saw in the past 10 years.'

**6.109 Is Australian Super involved with crypto currencies.**

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

**6.110 I've noticed the exposure to Australian and International shares has been pegged back. When will it be a good time to expand these asset classes again?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

**6.111 How much do the investments you have made for global transformation have to do with negative returns?**

The negative returns in recent periods are primarily due to the performance of the international shares and fixed interest asset classes. Our global expansion has expanded our investment capability to identify and act on attractive investment opportunities in international private markets such as private equity, unlisted infrastructure, unlisted property and private credit. These asset classes provided positive returns for the portfolio during the 2022 financial year.

**6.112 Due to the volatility both domestically and globally is cash now the best option for current investment**

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. When investing in cash, there is a risk that inflation may outpace the return on the investment.

**6.113 With volatility in the World is the investment in the UK property market too risky?**

The investment team considers investment exposures and opportunities in the context of a total investment approach, considering how risk and return fit into the context of the broader portfolio. Diversification is a cornerstone of our investment approach and unlisted assets play a key role. For example, unlisted assets helped bolster performance in FY22 during a challenging year for shares and fixed income. The team will continue to monitor and evaluate risk and opportunities across all asset classes and regions, including UK property.

**6.114 How are pre-mixed investment accounts created and out together?**

Each of the PreMixed options have different investment objectives, varying levels of risk, investment timeframes and expected returns. Each investment option has an investment objective where AustralianSuper will diversify and allocate assets to take sufficient risk to meet the performance objective while balancing the potential for downside volatility. For more details of our investment process see: <https://www.australiansuper.com/investments/how-we-invest>

**6.115 re the Beijing Office, what sort of investments does Aus super invest in China**

AustralianSuper has a small number of staff in the Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team. We have some direct exposure to Chinese assets, totalling about 1% of the overall portfolio. This investment exposure is primarily in listed shares.

**6.116 With the cash rate increasing 6 or 7 times this year, why is the cash rate in the retirement fund not increasing as well?**

The performance of each fund option is based on the performance of their underlying investments. As the cash rate has increased this year, the cash option return has also increased. You can track the performance of each option on our website here:

<https://www.australiansuper.com/compare-us/our-performance>



**6.117 Given our infrastructure assets are not publicly listed, how do you determine the value of these investments at the end of each year? Do we compare these with similar listed assets?**

AustralianSuper has well established policies and procedures for the valuation of unlisted assets to ensure that their valuation is prepared on an equitable and consistent basis. AustralianSuper's Valuation Standard outlines rules and guidance regarding items such as the process, frequency, and valuation methodology to ensure the accurate and timely valuation of assets in the portfolio.

Valuations are updated regularly to hold assets at fair value in the portfolio. The Fund adopts the most recent valuation for investment assets so that equity amongst members is maintained through the daily crediting rate process. The greater the exposure that an asset has in an investment option, the more frequently the asset is valued. This is based on the asset's weight in the investment option with the largest exposure to the asset. Directly held assets with higher weights are valued quarterly, while assets with lower weights are valued semi-annually or annually.

See additional details including valuation techniques and assumptions in the 2022 Financial Statements in section 3. Investments starting on page 9. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

**6.118 With an expected international recession is it wise to have a high exposure to international shares.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

**6.119 Does AustralianSuper invest in companies that profit from gambling?**

The portfolio does have exposure to gambling companies.

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

As a responsible and active owner, we believe ESG integration and stewardship helps to drive long-term value in the assets that we own, supporting us to deliver on our purpose for members. With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as gambling. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

Consistent with this, we have been actively engaging with these companies to understand the initiatives they have to ensure high standards of responsible gaming and appropriate governance practices are in place.

Over recent years we have seen significant advances in the technological and education/training-based solutions to some of these issues. Leading companies are also introducing incentives for senior management to ensure that solutions to these issues remain a core focus.

We will continue to actively engage with these companies and ensure they are acting in line with community and investor expectations and can deliver long-term value for members.

### **6.120 Why do the premixed funds such as balanced invest a higher % in International funds rather than Aust.market**

Each of the PreMixed options have different investment objectives, varying levels of risk, investment timeframes and expected returns. Each investment option has an investment objective where AustralianSuper will diversify and allocate assets to take sufficient risk to meet the performance objective while balancing the potential for downside volatility.

AustralianSuper has about 50% of holdings invested in Australian securities with the remaining in international markets. Supporting the Australian economy and investing in international markets provides diversification and access to investment opportunities that have the potential to add to member returns.

For more details of our investment process see: <https://www.australiansuper.com/investments/how-we-invest>

### **6.121 With most of the PPP projects in Australia are going through lot of uncertainties financially , how AUS Super ensure and protects the core investments of the members**

Our purpose is to help members achieve their best financial position in retirement and our ambition is for all Australians to live well in retirement.

AustralianSuper is committed to delivering strong, sustainable, long-term returns to members. We consider all investment opportunities through this lens. Investments are only made if they have the potential to add value for members.

### **6.122 Why have Australian Super increased investment in the gambling industry when there are so many other areas where investment would match a more socially aware approach. Thanks Tony Morison [tony@tonymorison.com](mailto:tony@tonymorison.com)**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

As a responsible and active owner, we believe ESG integration and stewardship helps to drive long-term value in the assets that we own, supporting us to deliver on our purpose for members. With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as gambling. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

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Over recent years we have seen significant advances in the technological and education/training-based solutions to some of these issues. Leading companies are also introducing incentives for senior management to ensure that solutions to these issues remain a core focus.

We will continue to actively engage with these companies and ensure they are acting in line with community and investor expectations and can deliver long-term value for members.

### **6.123 Mark indicated that they will adjust the portfolios during challenging times. Does this mean for example that you will change the line up of investment types on the balanced fund and other funds**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition,

geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### **6.124 Any exposure to digital assets?**

Digitisation and its effect on e-commerce and logistics is a theme that informs our investment strategy. One example is our infrastructure investment in Indara, the nation's leading independent wireless tower and digital infrastructure owner. You can view more in our portfolio holdings disclosures on our website:

<https://www.australiansuper.com/investments/what-we-invest-in>

#### **6.125 Are there investments in Russia, if so are they significant & are there concerns about them?**

AustralianSuper is deeply concerned about the ongoing events unfolding in Ukraine and are fully compliant with all relevant sanctions.

AustralianSuper had been actively reducing the Fund's exposure to Russian assets well before the current conflict in Ukraine.

Then in March 2022, we announced our intention to fully divest our remaining exposure in Russian-based assets as markets permitted and had written down the value of these assets to zero.

Given the ongoing conflict and challenges in Russia, markets have not yet permitted the Fund to fully divest all of our holdings, but it remains our intention to do so as soon as practicable.

These assets remain valued at zero.

#### **6.126 What do you see as the focus for high growth fund, given uncertain climate, crypto collapses, etc. What areas will you be investing in?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

#### **6.127 Why is the default fund not a growth fund which has high long-term returns?**

We believe, for the majority of members, the default Balanced option is well placed to generate the returns they need to build a pool of assets to help achieve their retirement outcomes. The Balanced option is invested in a diverse mix of asset classes to achieve strong long-term investment returns while seeking enough risk to meet the investment objectives. The Balanced option seeks to beat the median balanced fund and the CPI +4% over the medium to longer term.

This option is actively managed with members benefitting from the additional returns available from both active asset allocation and stock selection from both our internal and external investment managers. Active management also enables us to better manage and control the investment risk within the option.

Members can exercise choice and switch to an investment option or mix of options that suit their investment objectives.

### **6.128 Has Australian Super reduced investments in Russia**

AustralianSuper is deeply concerned about the ongoing events unfolding in Ukraine and are fully compliant with all relevant sanctions.

AustralianSuper had been actively reducing the Fund's exposure to Russian assets well before the current conflict in Ukraine.

Then in March 2022, we announced our intention to fully divest our remaining exposure in Russian-based assets as markets permitted and had written down the value of these assets to zero.

Given the ongoing conflict and challenges in Russia, markets have not yet permitted the Fund to fully divest all of our holdings, but it remains our intention to do so as soon as practicable.

These assets remain valued at zero.

### **6.129 Thank you for the presentations. You noted the geopolitical risk associated with China. You have also opened an office in Beijing. Practically, how do you make investment decisions in this market when the likelihood of a significant risk is low but the potential impact is huge? Thank you**

We analyse and monitor geopolitical risks and the potential impact on assets in the portfolio. Accordingly, our direct exposure to Chinese assets is about 1% of the overall portfolio. AustralianSuper has a small number of staff in the Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team.

### **6.130 it's Wickman, my question is why Aus super not investing for medicinal innovation and research**

We invest in a lot of different industries and sectors, including in the healthcare space. You can view more about all our investments in the portfolio holdings disclosures on our website:

<https://www.australiansuper.com/investments/what-we-invest-in>

### **6.131 Is Australian Super exposed to any risk of government intervention via price controls on energy (eg gas and coal) and what impact will this have on returns for members?**

Our purpose is to help members achieve their best financial position in retirement and our ambition is for all Australians to live well in retirement.

AustralianSuper is committed to delivering strong, sustainable, long-term returns to members. We consider all investment opportunities through this lens. Investments are only made if they have the potential to add value for members.

### **6.132 How exposed is the portfolio to Housing value decline**

We invest in a variety of different properties. This may include, but is not limited to: Shopping centres, retail buildings, Office buildings, Residential property, Industrial warehouses and logistics centres. You can read more about our Property investments here:

<https://www.australiansuper.com/investments/investment-articles/2022/03/understanding-direct-property>

### **6.133 Is Australian Super decoupling and diversing away from China?**

We analyse and monitor geopolitical risks and the potential impact on assets in the portfolio. Accordingly, our direct exposure to Chinese assets is about 1% of the overall portfolio. AustralianSuper has a small number of staff in the Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team.

### **6.134 please explain the bond market in layman's terms**

See these links below for an article and fact sheet on bonds.

<https://www.australiansuper.com/investments/investment-articles/2022/08/understanding-fixed-income-performance>

<https://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/fixed-interest-asset-class-deep-dive.pdf>

**6.135 ASX is performing really well this financial so far; why are you having only about 20% invested in it for Balanced for instance and more in International shares which don't perform as well.**

AustralianSuper has about 50% of holdings invested in Australian securities with the remaining in international markets. Supporting the Australian economy and investing in international markets provides diversification and access to investment opportunities that have the potential to add to member returns.

**6.136 what is the fund doing in diversifying investments in case China attacks Taiwan and we get involved in the future on US side?**

We analyse and monitor geopolitical risks and the potential impact on assets in the portfolio. Accordingly, our direct exposure to Chinese assets is about 1% of the overall portfolio. AustralianSuper has a small number of staff in the Beijing office, who focus on producing economic research to provide insights on the global economy for the investment team.

**6.137 Is it becoming more challenging to identify large attractive investment opportunities in the Australian market?**

AustralianSuper continues to find suitable investment opportunities in Australia. See <https://www.australiansuper.com/investments/investment-articles/2020/08/investing-to-grow-your-super-and-the-australian-economy>

**6.138 following on the question about China. Do we have investments in Ukraine or Russia**

AustralianSuper is deeply concerned about the ongoing events unfolding in Ukraine and are fully compliant with all relevant sanctions.

AustralianSuper had been actively reducing the Fund's exposure to Russian assets well before the current conflict in Ukraine.

Then in March 2022, we announced our intention to fully divest our remaining exposure in Russian-based assets as markets permitted and had written down the value of these assets to zero.

Given the ongoing conflict and challenges in Russia, markets have not yet permitted the Fund to fully divest all of our holdings, but it remains our intention to do so as soon as practicable.

These assets remain valued at zero.

**6.139 Why does Australian Super not realize that active pensioners taking an income no longer have a long-term horizon to wait for market recovery, and treat these investors differently to better protect their funds as it's our only income stream in our advanced age? One size does not fit all in investment terms.**

Investing during the pension phase of your retirement is an important part of the super journey. With increasing longevity, many members may need to earn an income from their super for several decades. If you retire at 67, you may be living off your super for over 20 years, so long-term investment strategies are equally important in retirement.

Members also have a choice of investment options to meet their own investment objectives. To assist with retirement strategies, please see our tools to support members in retirement:

<https://www.australiansuper.com/retirement>

<https://www.australiansuper.com/retirement/retirement-articles/2022/03/benefits-of-investing-in-retirement>

**6.140 Why Aust Super investing overseas?**

AustralianSuper has about 50% of holdings invested in Australian securities with the remaining in international markets. Supporting the Australian economy and investing in international markets provides diversification and access to investment opportunities that have the potential to add to member returns.

### **6.141 What are the contingencies in place should there be a recession? Are my funds protected?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

### **6.142 What frequency are shares reviewed and are changes made and are these investments available to viewed by members**

Investments in the portfolio are actively managed and reviewed on an ongoing basis.

Portfolio holdings are published semi-annually and can be viewed at:

<https://www.australiansuper.com/investments/what-we-invest-in>

### **6.143 Why is diversified interest so volatile**

The fixed interest asset class was impacted by an unusual combination of economic and market factors in 2022. You can read more about what happened here: <https://www.australiansuper.com/investments/investment-articles/2022/08/understanding-fixed-income-performance>

### **6.144 Please explain how you are diversifying the Balance fund investments to prepare for the likely recession in US and other major capital markets**

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Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **6.145 How are the super fund investments selected?**

See the How we invest section of the website: <https://www.australiansuper.com/investments/how-we-invest>



#### **6.146 Will the higher inflation environment result in any changes in investment strategies?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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#### **6.147 Why did not the fund reduce risky share exposure and increase cash prior to market collapse. Market timing was indicating increased risk and probable share disaster. Aust. Super lost twice the percentage fall of my own portfolio and timing was indicating a real hiccup**

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value. While this is a common occurrence, we are confident that the long-term returns of assets in the portfolio will be based on their profitability, which supports their valuations.

There are a number of macroeconomic and geopolitical factors that impacted the market last year. These included headwinds to the pandemic recovery, the Russian invasion of Ukraine, rising inflation, and broad quantitative tightening by central banks. With that said, AustralianSuper's investment team has been anticipating and adapting quickly to changing market conditions. We continue to invest in attractive opportunities to grow members' super in the long term.

#### **6.148 What is Australian Super's strategy around dealing with Inflation and possible recession?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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#### **6.149 What's Aust super strategy in the next 5 years to protect member's super?**

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market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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#### **6.150 Amidst the weakening Aussie dollar and economy, what is being done to protect the value of our supers and continue to grow it?**

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#### **6.151 RE: The AustralianSuper Cash option. What protective measures does Australian Super have to guard against Bank Collapses. eg Lehmann Brothers style.**

Counterparty risk and credit risk are closely monitored in the portfolio. See our Fund Financial Statements for more details. <https://www.australiansuper.com/-/media/australian-super/files/about-us/financial-statements/2022-fund-financial-statements.pdf>

#### **6.152 What is Australian Super's investment strategy in the next 24 months post-Covid recovery?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **6.153 What is the fund doing to recover the losses in the last financial year and to navigate the difficult times ahead of us and the world economy**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

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### **6.154 Is AustralianSuper making any changes to investments in the Balanced Option in view of the rise in inflation?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

### **6.155 How does AusSuper plan to protect its members against the expected economic headwinds ahead, while maintaining a reasonable level of returns?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries. Over the past 12 months we have significantly reduced risk in the portfolio to manage investment returns during this challenging period. Allocations to Australian shares, international shares and credit asset classes have all been reduced. The allocation to fixed interest was increased following interest rate rises that improved the return outlook for the asset class.

Our investment team also looks to the long-term trends that we believe will impact our investment strategy in the future. This includes understanding the potential impacts on the economic environment and different investment markets of longer-term trends, such as technological disruption, climate change and the carbon transition, geopolitics and increased government intervention. This research helps inform our thinking about the risks and opportunities that lie ahead as we build a robust portfolio for the future that is well positioned to meet our investment objectives and build the retirement savings of members.

**6.156 Please confirm that AustralianSuper has no direct or indirect exposure to the sham instrument called "cryptocurrency".**

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

## 7 Insurance

### 7.1 Why is the life insurance increasing each year with age?.

AustralianSuper's insurance premiums reflect the cost of claims and the cost of administering the insurance products. The Fund makes no profit from insurance. Our claims analysis shows that there are more death and disablement claims as members get older. As such the premiums are higher for older members, to pay these increased claims.

On 28 May 2022, we lowered the insurance costs for around 1.1 million members.

### 7.2 If a member joins AS mid calendar year and takes out Income and TPD insurance are the insurance premiums deducted immediately and backdated to the beginning of the last quarter?

There is not a single response to this as there are many variables. If you would like to discuss your own personal situation in more detail, you can speak to our contact centre on 1300 300 273 for assistance.

## 8 Economic Outlook

### 8.1 As a younger member (mid 30s) who makes maximum voluntary contributions to super on top of employer contributions. How do you envisage the state of the economy looking forward next few years, super investment performance - are we at risk of major recession and should I be keeping my additional contribution as cash savings rather than risk of loss of investment in super?

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

Key areas to focus on when investing include:

1. Understanding your investment strategy, which includes your investment objectives and level of risk tolerance.
2. Diversifying your assets and choosing an asset allocation that meets your investment strategy. Our PreMixed options provide broad diversification and range of risk levels to consider.
3. Recognising that short-term fluctuations are a normal part of investing when saving for retirement. The day-to-day performance of investment markets is often driven by investor sentiment and can lead to large fluctuations in value.

At AustralianSuper, we invest in a diversified mix of assets to grow members' savings over time and balance this with an understanding of the risks we need to take to achieve this goal. We seek to balance strong long-term investment returns and volatility reduction to meet the investment objectives of each investment option.

### 8.2 What are the monetary inflation risks and forecasts for the next 10 years?

In response to higher inflation, central banks appear likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to feel more pain before things get better.

The flexible inflation targeting employed by central banks is seeking to balance the trade-off between inflation and growth while managing the supply and demand gaps in the overall economy. Ultimately, central banks have pledged to get inflation back to target, even though it will bring some pain to households and businesses.

### 8.3 What are the risks associated with the current high inflation environment

In response to higher inflation, central banks appear likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to see continued economic slowdown before conditions improve.

The flexible inflation targeting employed by central banks is seeking to balance the trade-off between inflation and growth while managing the supply and demand gaps in the overall economy. Ultimately, central banks have pledged to get inflation back to target, even though it will put some pressure on households and businesses.

The main impact of inflation is to lower the purchasing power of a member's savings or future cash flows. It has a negative effect on assets that have fixed long-term cash flows, such as fixed interest investments. This is due to the purchasing power of any fixed payments being reduced due to inflation. Over time, inflation can have a positive impact on shares and real assets such as unlisted property or unlisted infrastructure. This is due to the potential for company revenues to increase along with the level of prices for goods and services. Real assets have the potential to increase their rents or service prices as inflation increases, which can increase the value of the asset.

Over the long-term, investors can seek to keep up with inflation by diversifying their portfolio using assets that have the potential for growth that outperforms inflation over time. A key objective for AustralianSuper's PreMixed options is to outperform inflation and enable members to maintain their purchasing power. Each PreMixed option invests in a diversified mix of assets that seeks to outperform their CPI plus investment objective over the long term.



#### **8.4 What do you expect will happen with individual accounts with the rising inflation?**

In response to higher inflation, central banks appear likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to see continued economic slowdown before conditions improve.

The flexible inflation targeting employed by central banks is seeking to balance the trade-off between inflation and growth while managing the supply and demand gaps in the overall economy. Ultimately, central banks have pledged to get inflation back to target, even though it will put some pressure on households and businesses.

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Over the long-term, investors can seek to keep up with inflation by diversifying their portfolio using assets that have the potential for growth that outperforms inflation over time. A key objective for AustralianSuper's PreMixed options is to outperform inflation and enable members to maintain their purchasing power. Each PreMixed option invests in a diversified mix of assets that seeks to outperform their CPI plus investment objective over the long term.

#### **8.5 Do you think the poor economic conditions will quickly recover when the war in Ukraine ends.**

It's difficult to predict the timing or speed of economic recoveries. Keep in mind, the war in Ukraine is just one of many geopolitical and macroeconomic factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.6 Given global inflationary forces, what impact can we expect on our return over the next 1-5-10 years?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term.

#### **8.7 how will the Balanced fund navigate the troubled economic times we find ourselves in - what could we expect our returns to be?**

It is difficult to predict specific returns, just as it's difficult to predict the timing or speed of economic recoveries. But AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.8 How will the fund perform in 2022-2023 & what are the reasons for losses in 2021-2022**

It is difficult to predict specific returns, just as it's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors that have impacted the market in the past year. AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **8.9 I just want to know if my super is going to go up as expected? Or will I lose my security of super?**

It is difficult to predict specific returns, just as it's difficult to predict the timing or speed of economic recoveries. But it's important to remember that your super is a long-term investment. AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

<https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **8.10 Last 12 months has been the worst performing of the fund. What's install for the next 12 months?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

<https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

### **8.11 Likely return on investment next years**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term.

### **8.12 long term forecast of Australian and world economy**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

### **8.13 My balance is the same as it was in June 2021 - and that's only because I've made contributions since then. Understanding that other industry funds are in the same boat, what is the medium-term prospect for returns to get back to a useful percentage value?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here:

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### **8.14 Short-term and long-term estimated market performance?**

It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term.

### **8.15 So far 2022 is not looking that great. What about 2023?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is

anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.16 There are a lot of talks lately that there may be an event similar to the GFC, what are your views? Also what do you see the 5 to 10 years performance will look like?**

While it's difficult to say if Australia will enter a recession, it is our view that we do not expect an event similar to the magnitude of the GFC. It is difficult to predict specific returns, regardless of time horizon. The AustralianSuper investment team is focused on generating the best possible investment returns for members. For each of the investment options, the portfolios are managed to meet the investment objectives. For the Balanced option, the investment objectives are to outperform the median balanced fund and the CPI + 4% per annum over the medium to longer term.

#### **8.17 Will recession come in Australia and if so when?**

It's difficult to say if Australia will enter a recession. Although the RBA has signalled additional rate rises will come, Australia's economy has shown signs of resiliency relative to global peers. Keep in mind, there are a number of macroeconomic and geopolitical factors impacting the market right now which will affect the recovery. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.18 Will the share market pick up?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.19 How will a falling property market impact performance in the next few years?**

The unlisted property portfolio had positive returns during the 2022 financial year, providing a ballast for the performance of the PreMixed options. Market conditions provided favourable performance for mixed-use/development assets and industrial properties and AustralianSuper believes that these properties will provide a positive contribution to member performance in the future. There does remain some challenges with the performance of retail properties, as they have been heavily impacted by technological innovation and the COVID downturn.

#### **8.20 My super is suffering loss, how long is it likely to go up and down like this?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

**8.21 In the 21 months since joining Australian Super Choice Income, my investment (which is my retirement income) has gone down by about 6.5%. This is very scary as I rely on my super to last a long time yet, and at this rate its going to be gone in no time. Will it ever return to an even balance ?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

**8.22 My super balance is less than 12months ago even I deposited the maximum amount in to my fund. What is the forecast of the super for coming years? Is it better to invest in something else?**

Our investment team and senior management team understand that it's disappointing to see negative returns in your super, especially after a long period of positive returns.

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

While it can be difficult to focus on the long-term when there is market volatility, the economy goes through periods of growth and contraction and markets also rise and fall in cycles. Short-term fluctuations are a normal part of investing when saving for retirement.

A key objective for superannuation savings is to maintain purchasing power and keep up with inflation over time. For members looking to adjust their level of risk, our selection of PreMixed options provide broad diversification and range of risk levels to consider.

**8.23 Do you see the FED resorting to yield curve control anytime in the near or the distant future? Can all major central banks get their balance sheets back to normal?**

In response to higher inflation, central banks are likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to feel more pain before things get better.

**8.24 So far 2022 is not looking that great. What about 2023?**

It's difficult to predict the timing or speed of economic recoveries. There are a number of macroeconomic and geopolitical factors impacting the market right now. With that said, AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

**8.25 Do you think inflation will moderate and will the RBA stop increasing interest rates?**

In response to higher inflation, central banks appear likely to maintain tight financial conditions, i.e. high interest rates, for some time. The central bank framework of inflation targeting arose in part from the lessons that central banks took from the 1970s, namely, that letting inflation persist is detrimental to the economy and investment markets over the long term. Today, however, it means that we are poised to feel more pain before things get better.

The flexible inflation targeting employed by central banks is seeking to balance the trade-off between inflation and growth while managing the supply and demand gaps in the overall economy. Ultimately, central banks have pledged to get inflation back to target, even though it will bring some pain to households and businesses.

#### **8.26 Many are predicting a stock market crash in 2023. Do you agree?**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. While asset classes may behave in a relatively predictable manner during the phases of the economic cycle, each economic cycle can have its own unique set of circumstances. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

#### **8.27 What is the driver for high inflation rates? Is it attributed to QE?**

There were a variety of drivers for inflation in recent periods. These included supply chain disruptions, increased consumer demand after the COVID-19 lockdowns, and the effects of geopolitical events on food and energy prices. Inflation is often driven by "too much money, chasing too few goods and services" - therefore dovish monetary policy and fiscal stimulus can have an influence on inflation.

#### **8.28 What is your assessment of future movements in the Australian Dollar?**

It is difficult to predict specific levels for currency exchange rates. During times of slower economic growth, foreign currencies often outperform the Australian dollar. Exposure to foreign currency is managed as part of the strategic asset allocation and strategic tilts process in the PreMixed options.

#### **8.29 Is our money going to do better hopefully not a recession. Seniors can earn more money.**

It is difficult to predict specific returns, just as it's difficult to predict the timing or speed of economic recoveries. But AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.30 Curious on your market outlook for next 6 months.**

After more than a decade of strong growth, our outlook suggests we're entering a period of weaker economic growth and may continue to see lower returns than in previous years. As the economic cycle progresses and markets respond, the investment team will continue to adjust the portfolio to manage risk and take advantage of long-term investment opportunities. By adjusting the allocation to different asset classes, we can control the level of risk in the portfolio and reduce the impact of volatility on returns, while positioning the portfolio to participate in market recoveries.

You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

#### **8.31 What do you see for the future of global markets going into 2023?**

It is difficult to predict specific returns, just as it's difficult to predict the timing or speed of economic recoveries. But AustralianSuper's investment team is anticipating and adapting quickly to changing market conditions. We are working to protect members' super in the short term, while also investing in attractive opportunities to grow members' super in the long term. You can read more about our economic outlook in the September 2022 quarterly performance update here: <https://www.australiansuper.com/investments/investment-articles/2022/10/september-22-quarterly-performance-update>

## 9 Crypto-currency

### 9.1 How/when can I get bitcoin exposure in my portfolio?

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

### 9.2 Is the fund invested in or intending to invest in Crypto currency?

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

### 9.3 Why are we not making more investments in to crypto market to grow and expand portfolios?

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

### 9.4 Why my super is not able to invest in bitcoin or any other crypto coin.

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.



## 10 ESG

### 10.1 I would like to know specifically what is AS attitude to investing in cryptocurrency either direct or indirect and whether any of your funds invest at any level? If a second question is allowed what is the over arching principal AS adopts with respect to investing in companies with a high carbon footprint and specifically in petroleum, gas and carbon exploration companies?

#### Crypto-currencies

AustralianSuper does not have any plans to invest directly in crypto-currencies at this time. In our view, crypto-currencies carry significant risks and have little to no regulation. As fiduciaries for our members' retirement savings, we don't think it's prudent to invest super in speculative financial instruments.

#### Carbon footprinting

We are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in.

We believe that in most instances advocating for change in the companies involved in fossil fuel industries will have a bigger impact on the decarbonisation of the economy than divestment.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

### 10.2 Where are the worked business cases that demonstrate the benefits of insisting the acceleration of green targets and why isn't nuclear energy a proposed alternative?

Climate change poses a significant risk to the value of our assets and the Fund's long-term performance. As such, in November 2020 we made the commitment to achieve net-zero emissions in our portfolio by 2050. Our commitment is consistent with the scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC). This science is based on an assessment of more than 6,000 peer-reviewed publications and is commonly accepted by investors, regulators, governments, central banks and businesses around the world. We believe meeting the Paris Agreement goals will result in the lowest economic cost climate change outcome and enable us to fulfil our overriding responsibility of achieving the best possible retirement outcomes for members.

Transitioning to a net zero economy will see a shift away from fossil fuel-related generation to renewable sources in the energy grid. The transition in the energy mix will create investment opportunities across a range of technologies, including renewable energy, climate change solutions with new technologies developed as the world decarbonises.

### 10.3 Does Austsuper have an investment in FEDERATED HERMES which it appears has investments in STATE FINANCIAL OFFICERS FOUNDATION, a US organisation that has been campaigning against action on climate change and ESG investing ?

We do not have an investment in Federated Hermes.

### 10.4 The rise of climate conscious investing has seen valuations for non-renewable assets fall. Given this, some non renewable assets are offering very high expected returns at current prices. With Russia and Saudi Arabia continuing to extract and sell oil to Western countries, is there an argument that superannuation funds should invest in oil to provide members high returns and reduce the amount of money flowing to countries with poor human rights and committing war crimes?

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We are deeply concerned about the ongoing events in Ukraine. In March 2022, we announced our intention to fully divest our exposure to Russian-based assets as markets permitted and have written down the value of these assets to zero.

**10.5 If you had to choose one out of two investments, which would you choose? One ticks all ESG boxes and will provide a lower financial return. The other does not meet all ESG criteria and will provide good financial returns. And,**

**10.6 How do we opt out of the idiotic ESG strategy that clearly does not look after the member interests or BEST RETURNS but green groups and executives wanting to virtue signal?? Remembering this is our funds not your money to be political about , we want the best returns for OUR retirements!! We simply don't want any political decisions just best financial outcomes!**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

We integrate ESG risks and opportunities into our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means it is essential to incorporate ESG factors into our investment thinking so that we can deliver better long-term returns for members.

More and more we are seeing companies acknowledge that their long-term success and ability to generate long term value has a direct link to the way they approach and manage ESG issues.

**10.7 Why doesn't the socially aware fund perform better than it does? Socially aware companies usually perform better than others.**

AustralianSuper continually undertakes reviews of the investment options to monitor performance, risk and investment style. The Socially Aware option has recently been reviewed to attribute the reasons for the underperformance of its investment objectives. As a result of the review, which has analysed performance, risk and investment style, the investment team have identified modifications and are now taking action to aid the Socially Aware option in meeting its medium to longer term investment objectives.

Underperformance over the past year has been largely attributed to the portfolio exclusions. This is primarily due to the geopolitical factors that have impacted market conditions, such as the Russian invasion of Ukraine that drove up prices of energy related shares. The energy sector is under weighted in the Socially Aware option due to the exclusion of companies with fossil fuel reserves. Over the medium term, the Socially Aware option has also underperformed due to security selection within the equity portfolio. As part of the performance review, action has been taken by the investment team to improve how the portfolio is managed.

The Socially Aware option has the investment objectives of: to beat CPI by 4% over the medium to longer term and to beat the median balanced fund over the medium to longer term. Over the medium to longer term, the Socially Aware option has outperformed its CPI objective, while facing challenges with outperforming the median balanced fund over the medium to longer term.

**10.8 What transparency is available for members to monitor the entities my super is invested in? I would like for my super to only be invested in entities that meet my sustainability expectations.**

You can view a list of all your investments on our website at <https://www.australiansuper.com/investments/what-we-invest-in>

We integrate Environmental, Social and Governance (ESG) considerations across our investment decision making process. You can find out more at [australiansuper.com/responsibleinvestment](https://australiansuper.com/responsibleinvestment)

**10.9 There is currently only one ESG focused option available for members, namely, Socially Aware. Can you please tell us about your plans to increase the range of sustainable investment options, to match members preferences for varying risk profiles? Thanks**

We currently offer the Socially Aware option with an asset allocation that is similar to that of the Balanced option (broadly a 70% growth 30% defensive asset allocation). We believe this meets the needs of the majority of our members looking to avoid investing in industries and companies that don't align with their values. There are no plans to introduce more Socially Aware options with different risk profiles or asset allocations at this time.

**10.10 Dear AustralianSuper, How can Australian Super morally justify partnering with Transurban as part of the Sydney Transport Partners' (STP) and other deals? Transurban unashamedly brags itself as the beneficiary of the cost-of-living crisis (read: making massive profits on the back of Australian communities - your members - suffering hardship), clearing against the RBA's warning: <https://www.afr.com/policy/economy/don-t-gouge-on-profit-margins-rba-warns-business-20220916-p5bimd> Transurban pays more and more political donations (aka bribes) for favorable deals with governments that are officially in "abuse of power" and overcharge toll road users by factors 10 (<https://www.youtube.com/watch?v=L5EODKSb6qY>). M5-East is total failure, where Transurban ignores health & safety issues and "Bexley is bearing the brunt of a deeply flawed pricing regime which, perversely, acts as a deterrent to heavy vehicles using the infrastructure designed for them" (<https://youtu.be/fa9nThNwGow>). Transurban does an appalling greenwashing by misusing ESG in a unscrupulous way, despite violating 8 out of the 12 SDG. How can it be ethically acceptable for AustralianSuper to partner with one of the worst companies in Australia and claim that you are working for members and their interests?**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. As Australia's largest super fund, we invest in a range of assets including airports, seaports, roads and energy distributors on behalf of members. Infrastructure assets are particularly attractive to long-term investors like AustralianSuper, as they can provide stable and predictable cash flows and long-term growth to fund the retirement incomes of members. Importantly, these investments also contribute to the creation of assets and jobs that benefit our economy and communities over many years.

AustralianSuper invests in a mix of operational and development Transurban toll road assets located in Sydney (WestConnex), the United States (Chesapeake) and Transurban Queensland. We operate a stringent due diligence process when evaluating potential new assets, which includes assessment of investment partners and stakeholder consultation.

We also have a long-standing program of integrating Environment, Social and Governance (ESG) factors in our investment process, in both the due diligence process before we buy an asset and in our stewardship activities once we own an asset. We identify the issues which are most material for each asset, and meet the Boards and management of our assets to discuss their management of these issues on an ongoing basis.

**10.11 Does Australian Super focus on sustainability and practice environmental productivity with investments.**

AustralianSuper integrates Environmental, Social and Governance (ESG) considerations in our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste management).

AustralianSuper also jointly founded the Sustainable Development Investments Asset Owner Platform, which helps investors evaluate companies on their contribution to the UN Sustainable Development Goals (SDGs). This research forms an input into our ESG & Stewardship program with companies and enables us to report on how our portfolio is contributing to the SDGs. You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

**10.12 Green investment: are you increasing your investment there?**

AustralianSuper has increased its investments in clean energy solutions in recent years. Clean energy solutions include renewable and green energy technologies, products and services which support renewable energy production and energy efficiency, and energy infrastructure which transmits and distributes renewable energy and

alternative fuels. You can find out more in our soon to be published Climate Change Report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.13 How can we members be assured that our money is being treated ethically?**

AustralianSuper integrates Environmental, Social and Governance (ESG) considerations in our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. These themes include climate change, circular economy, human rights and workforce issues, diversity and inclusion, First Nations and governance considerations.

You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

#### **10.14 How will AusSuper ensure it stays dedicated to investment in environmentally-conscious projects in the future?**

Environmental considerations are integrated into our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities, once we own a company we identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste management).

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

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#### **10.15 My superannuation is about my long term future well being. Does Australian Super have a very clear policy re our investments with respect to global climate protections?**

Climate change is one of the most significant issues we face today. We understand how our actions as investors can impact the prosperity and wellbeing of members now and in the future. We've committed to achieving Net Zero emissions in our portfolio by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We also work with other investors through initiatives like Climate Action 100+ to support the low-carbon transition across the global economy.

#### **10.16 What are you doing to invest in energy security and food security rather than ESG as it's no point having people starve just because we believe fertilisers to be an issue.**

Maintaining energy certainty and affordability for a growing world population will be a major challenge as the world transitions to a net zero 2050 economy. We are watching the energy transition closely, and in addition to our internal analysis, are consulting with external energy transition experts to assess and validate the outlook and likely transition pathways for different energy sources. When investing in a company we consider how it will deliver long-term value for members in a changing macro-economic and geo-political environment and its alignment to the Fund's net zero by 2050 commitment.

#### **10.17 What are your plans with the future of super in relation to indigenous aware and environmental investments?**

We integrate consideration of environmental and First Nations and cultural heritage issues into our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste).

With regards to First Nations issues we engage with the companies we invest in on their approach to relationship building, constructive engagement and ongoing agreements with First Nations Peoples and community stakeholders. We also advocate for appropriate governance and oversight of First Nations/cultural heritage issues and transparent disclosure.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

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#### **10.18 What has Australian Super achieved in purposeful impact investing for the good of people and the planet?**

While we're not an impact investor and don't invest to meet specific sustainability goals, we do support and report on our contribution to the United Nations Sustainable Development Goals (SDGs). The SDGs aim for a better, more prosperous world by addressing global issues, such as climate change, water scarcity, healthcare access, and social inequity. The SDGs are important for investors as they provide a pathway for fostering sustainable economic development and growth, which are vital for creating long-term value for members. We do measure and report our portfolio's contribution to the SDGs. As at 30 June 2022, our aggregate equities and fixed interest portfolio contributed \$15.3 billion to the SDGs.

AustralianSuper is a responsible investor and integrates Environmental, Social and Governance (ESG) factors into our investment decision making. We actively steward our capital and use our influence to create sustainable long-term value for members. We also believe this approach will result in better outcomes on ESG issues. You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

#### **10.19 What is Australian Super doing to further gender equality when it comes to its investments?**

As long-term investors, we have a key role to play in having equal representation of women on Boards and in executive positions. AustralianSuper has a board gender voting policy which calls for ASX200 boards to have at least two female directors. Since writing to the 37 ASX200 companies in the ASX200 with less than 2 women on their boards in 2020, 23 (more than 60%) have appointed additional women. We're engaging with the remaining companies in the S&P/ASX 200 that still have fewer than two women on their boards. Where companies lack firm near-term plans to meet our expectations regarding gender diversity, we will vote against the most senior male director's re-election.

We are continuing our journey to improve gender diversity. In the medium term we would like to see a minimum of 30% women represented on each company board, with our ultimate aspiration: a 40/20/40 gender split.

#### **10.20 Why focus on ESG and is ESG being forced onto business via withholding Investment should companies not be forced into “woke” or “progressive” policies?**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

We integrate ESG risks and opportunities into our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means it is essential to incorporate ESG factors into our investment thinking so that we can deliver better long-term returns for members.

More and more we are seeing companies acknowledge that their long-term success and ability to generate long term value has a direct link to the way they approach and manage ESG issues.



**10.21 Are you already receiving Federal Govt prompting to invest more in "green" projects and do you have a sense of the extent of funds AussieSuper will be expected to invest? Will you be able to derive similar profits from these "green" investments to others in the AussieSuper portfolio, or are they part of a form of obligation?**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens. The transition in the energy mix will create investment opportunities across a range of technologies, including renewable energy, climate change solutions with new technologies developed as the world decarbonises. AustralianSuper conducts a comprehensive due diligence process, when assessing new investments, which examines a range of investment criteria, including ESG factors. We currently invest in a range of clean energy solutions across different markets and technologies.

**10.22 What is being done to address environmental concerns and managing investments in relation to this?**

Environmental considerations are integrated into our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste management).

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

**10.23 Are we considering the impact on climate change caused by some of the companies we may be investing in?**

AustralianSuper is a responsible investor and integrates Environmental, Social and Governance (ESG) factors into our investment decision making. We actively steward our capital and use our influence to create sustainable long-term value for members. We also believe this approach will result in better outcomes on ESG issues, such as climate change.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

**10.24 Carbon dioxide is considered the magic molecule, responsible for the all important photosynthesis of plant life across the globe. Enhanced carbon dioxide means enhanced plant growth. Can The Board advise the members of its policy to support industries that foster enhanced carbon dioxide production?**

We acknowledge that CO<sub>2</sub> is beneficial to plants and plant life, however we also understand that increasing CO<sub>2</sub> levels trapped in the earth's atmosphere due to human activity is a key contributor to climate change (based on the IPCC's latest report). IPCC has advised that if we do not reach Paris Agreement, i.e. 1.5°C alignment by 2050, the physical risks of climate change will be irreversible and devastating. We also acknowledge that industries such as transport and electricity production are key producers of GHG emissions (<https://www.epa.gov/ghgemissions/sources-greenhouse-gas-emissions>).

As such, we believe that achieving net zero emissions in our portfolio by 2050 will provide the lowest cost pathway for our investment portfolio. This is in line with the scientific consensus on reducing the economic and social impacts of climate change and consistent with our objective of helping members achieve their best financial position in retirement. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.



#### **10.25 How are ESG assessments of investing organisations influencing positive Climate Change Action and what success targets are nominated by Australian Super?**

We are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in. We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

By working with other investors through initiatives like Climate Action 100+ we are promoting change in the world's largest emitters who are responsible for 80% of global emissions. For example, 75% of CA100+ focus companies have committed to net zero emissions by 2050 or before.

#### **10.26 How are our investments addressing climate change?**

We've committed to achieving Net Zero emissions in our portfolio by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We also work with other investors through initiatives like Climate Action 100+ to support the low-carbon transition across the global economy.

#### **10.27 How is Australian Super working towards climate change?**

We've committed to achieving Net Zero emissions in our portfolio by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We also work with other investors through initiatives like Climate Action 100+ to support the low-carbon transition across the global economy.

#### **10.28 How is AustralianSuper reporting on its funds performance against achieving net zero emissions by 2050?**

AustralianSuper reports on its performance against its Net Zero 2050 commitment in its annual climate change report. You can find out more in our soon to be published Climate Change Report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.29 I would like to understand how carbon intensive industrial activity will be considered in future investments particularly in my socially aware portfolio.**

We are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

In addition to the above, the Socially Aware option applies screening to the Australian shares, international shares and fixed interest asset classes, which covers around 61.5% of the option†, to remove securities or companies that directly own fossil fuel reserves.

**10.30 Is Australian Super concerned about what future our super investments will deliver. If yes , what steps are being taken to prevent investing in things causing environmental/climate issues ?**

Environmental considerations are integrated into our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities, once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste management).

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

You can also find out more about our approach to managing climate change in our Climate Change report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

**10.31 Is Australian Super investing in projects that impact our environment, if yes is there an exit plan soon?**

Environmental considerations are integrated into our investment process, in both the due diligence process before we invest in a company, and in our stewardship activities once we own a company. We identify which ESG issues are most material for each company, and engage with them on these issues. Environmental themes include climate change and circular economy (including recycling and waste management).

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe that in most instances advocating for change in the companies involved in fossil fuel industries will have a bigger impact on the decarbonisation of the economy than divestment.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

**10.32 Perhaps a question that many others will ask also, what is Australian Super doing to mitigate the effects of climate change and support the transfer to renewable energy? What percentage of investments are still in fossil fuel industries? And,**

**10.33 What is AustralianSuper's current exposure to fossil fuels?**

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

AustralianSuper has increased its investments in clean energy solutions in recent years. Clean energy solutions include renewable and green energy technologies, products and services which support renewable energy production and energy efficiency, and energy infrastructure which transmits and distributes renewable energy and alternative fuels. We currently invest in a range of clean energy solutions across different markets and technologies. You can find out more in our Climate Change Report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

**10.34 The IPCC's latest assessment report confirmed we are way off track to meet the Paris Agreement's climate goals, and that failing to do so would lead to devastating increases in climate impacts. The silver lining was the conclusion that we have all the tools needed to cut emissions, but we have to pull out all the stops to rapidly transition away from all fossil fuels. Launching that report, UN Secretary General Antonio Guterres said "Investing in new fossil fuels infrastructure is moral and economic madness. Such investments will soon be stranded assets – a blot on the landscape, and a blight on investment portfolios." A relatively small number of companies globally are doing the lion's share of that investment in new fossil fuel production and generation projects. Yet these companies' fossil fuel expansion plans alone could add the equivalent of almost 200 years of Australia's national annual emissions. Continued investment in any company pursuing new or expanded fossil fuel projects is indefensible. I cannot stand for my super fund to be invested in any such companies. I was disappointed to see AustralianSuper's Balanced option had over 4.4% of its listed equity investments in companies expanding the scale of the fossil fuel industry, despite the fact that the fund has already significantly reduced investment in climate wreckers Woodside and Santos. With the impending merger of Woodside with BHP's petroleum business, however, AustralianSuper will almost certainly be issued a substantial amount of Woodside shares. What will the fund do with those shares? Will AustralianSuper sell them immediately? This situation, and the ongoing exposure to other climate wrecking companies, demonstrates why AustralianSuper must implement a policy to rule out future investments in the likes of Woodside and Santos, and all other companies expanding the scale of the fossil fuel industry? Years of investors claiming to change companies and bring about climate action through engagement has failed to stop these companies pursuing new fossil fuel projects that are incompatible with the Paris Agreement. Even after five years of the Climate Action 100+ investor initiative, representing 700 investors with \$68 trillion in assets under management, none of its 166 target companies have fully aligned their capital expenditures with the Paris climate goals. I therefore demand that AustralianSuper take immediate action to end its investments in all companies pursuing new and expanded coal, oil and gas projects, publicly divesting current holdings and implementing a clear policy to exclude any such investment in the future.**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement and we invest to deliver on this purpose.

As a responsible owner, AustralianSuper has committed to net zero by 2050. As part of this commitment, we measure the carbon intensity of our portfolio and actively engage with Woodside and other companies we invest in, to understand how they are preparing to transition to a low-carbon economy.

We do this because we believe that companies that responsibly transition their operations aligned to net zero will deliver better long-term value to members.

Through our engagement with Woodside we have sought to better understand its net zero pathway and voted against its 'Say on Climate' report as it did not adequately address action the company was taking to manage its operations in support of Paris Agreement targets. Woodside has committed to develop its climate transition plan and we will continue to engage with them on their progress.

### **10.35 What are Australian Super's investment guidelines to ensure we are not contributing to Climate Change?**

We are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in. We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

By working with other investors through initiatives like Climate Action 100+ we are promoting change in the world's largest emitters who are responsible for 80% of global emissions. For example, 75% of CA100+ focus companies have committed to net zero emission by 2050 or before.

You can find more about how we are managing the climate change risks and opportunities in our Climate Change report <https://www.australiansuper.com/investments/how-we-invest/climate-change>.

### **10.36 What are the actions taken by fund managers to address climate change/issues?**

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans. For externally managed assets, we assess how new and existing investment managers identify and manage climate change considerations through our appointment process and annual operational due diligence processes.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members. You can find out more about how we're managing the risks and opportunities of climate change in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>

### **10.37 What are the current risks to the investment portfolio when considering the climate change impacts on investments over the next decade or two?**

Climate change poses two major risks to the investment portfolio and long-term asset valuations:

**Transition risks:** The risks and opportunities created as the world transitions to a low carbon economy. This is influenced by factors such as technological disruption, public policy, changes in consumer preferences and stranded asset risk (for example, the risk that fossil fuel reserves will suffer a significant loss in value if no longer required).

**Physical risks:** The physical risks to assets from changing weather patterns, which can be acute or chronic, such as severe weather events, longer-term shifts in climate and rising sea levels.

AustralianSuper is managing these risks across four pillars: Investment, Stewardship, Advocacy and Measurement and Disclosure. You can find out more in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>

### **10.38 What is being done to address climate change?**

We are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in. We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

By working with other investors through initiatives like Climate Action 100+ we are promoting change in the world's largest emitters who are responsible for 80% of global emissions. For example, 75% of CA100+ focus companies have committed to net zero emissions by 2050 or before.

You can find more about how we are managing the climate change risks and opportunities in our Climate Change report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

### **10.39 What key policies and steps is AS adopting more sustainable practices/activities and investing in climate change-related investment.**

AustralianSuper is a responsible investor and integrates Environmental, Social and Governance (ESG) factors into our investment decision making. We actively steward our capital and use our influence to create sustainable long-term value for members. We also believe this approach will result in better outcomes on ESG issues., such as climate change.

You can read our ESG & Stewardship policy at [australiansuper.com/responsibleinvestment](https://www.australiansuper.com/responsibleinvestment)

In terms of climate change, we are committed to achieving net-zero emissions in our portfolio by 2050. Meeting this goal requires the incorporation of the net zero transition into the business strategies of the companies we invest in. We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

You can also find out more about our ESG & Stewardship program in our latest Annual Report via the Reports tab on <https://www.australiansuper.com/about-us>

You can also find out more about approach to managing climate change in our Climate Change Report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.40 Are there any Australian Super ongoing or anticipated investments in new fossil fuel exploration and development projects? If yes, can the fund commit to eliminating any of these investments to support the urgent transition necessary to a low carbon energy system?**

AustralianSuper has committed to net zero by 2050 and is actively engaging with the companies we invest in to understand their transition pathway consistent with this goal. When investing in a company we consider how it will deliver long-term value for members in a changing macro-economic and geo-political environment and its alignment to the Fund's net zero by 2050 commitment.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

#### **10.41 Could Australian Super possibly opt out of all fossil fuel related companies?**

AustralianSuper is an active and responsible investor, integrating ESG and stewardship into our investment practices to support long-term value creation for members.

With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as fossil fuels. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

We are committed to achieving net-zero emissions in our portfolio by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

You can find out more about our approach managing climate change in our Climate Change report at via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.42 Does Australian Super have a timeline for divesting its investments in fossil fuel?**

AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe some companies involved in these industries are an important part of the transition to a net zero economy.

As a large responsible investor, our attention to climate change can influence improved company performance on the issue. We believe we can make a bigger impact on the transition to a decarbonised economy by engaging with companies to drive change, rather than divesting from industries or companies at which point we lose our influence.

Divestment is a last resort and we consider active management will provide better long-term outcomes for members and the broader economy and environment.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at via <https://www.australiansuper.com/investments/how-we-invest/climate-change>



#### **10.43 How exposed is Australian Super to oil and gas assets which may become stranded in future? Is AS looking at reducing their exposure in the short-term?**

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

We've undertaken significant work to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. We have identified the largest contributors to portfolio emissions and pro-actively engage with these companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

Stranded asset risk is assessed as part of our Carbon Footprinting analysis included in our Climate Change report <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.44 Please explain why Australian Super continues to invest in fossil fuels within its Socially Aware option, per Market Forces report 2022. What is the funds plan and timing to completely divest from all fossil fuels directly and indirectly, such as TEPCO, Chubu and Joint Venture JERA?**

The Socially Aware option has a small holding in Chubu in its listed infrastructure portfolio. These companies are not excluded from the Socially Aware options' investment universe as the fossil fuel screens do not apply to the listed infrastructure asset class.

We apply exclusions to the Australian shares, international shares and fixed interest asset classes of the Socially Aware option based on environmental, social and governance screens. The option also invests in a wide range of other asset classes that are not screened, including private equity, unlisted and listed infrastructure, unlisted and listed property, credit, cash and other assets. AustralianSuper operates a globally diversified, long-term investment portfolio to improve diversification benefits and contribute to long-term performance.

AustralianSuper recognises climate change as a vitally important issue. We have committed to achieve net zero emissions in our portfolio by 2050 and are taking significant actions to ensure we actively manage the risks and opportunities of climate change. You can find out more about our climate change approach at [australiansuper.com/climatechange](https://australiansuper.com/climatechange)

#### **10.45 What is your timeframe for divesting in fossil fuel industries and investing in sustainable green energy?**

AustralianSuper is an active and responsible investor, integrating ESG and stewardship into our investment practices to support long-term value creation for members. All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

AustralianSuper has increased its investments in clean energy solutions in recent years. Clean energy solutions include renewable and green energy technologies, products and services which support renewable energy production and energy efficiency, and energy infrastructure which transmits and distributes renewable energy and alternative fuels. We currently invest in a range of clean energy solutions across different markets and technologies.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>



#### **10.46 What percentage of Australian Super funds are invested in fossil fuel industries, and what plans have been made to divest from these?**

AustralianSuper is an active and responsible investor, integrating ESG and stewardship into our investment practices to support long-term value creation for members.

With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as fossil fuels. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>.

#### **10.47 What percentage of the portfolios in the Balanced and Socially Aware funds are invested in renewable energy industries?**

AustralianSuper has increased its investments in clean energy solutions in recent years. Clean energy solutions include renewable and green energy technologies, products and services which support renewable energy production and energy efficiency, and energy infrastructure which transmits and distributes renewable energy and alternative fuels. We currently invest in a range of clean energy solutions across different markets and technologies.

You can find out more about our investments in Clean Energy solutions in our soon to be published Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.48 Will Australian Super commit to actively divesting from fossil fuel companies from all funds earlier than 2050, in view of the urgency needed to mitigate dangerous climate change?**

AustralianSuper is an active and responsible investor, integrating ESG and stewardship into our investment practices to support long-term value creation for members. All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>.

#### **10.49 Will the board develop an exclusion policy preventing any future investment in fossil fuels?**

AustralianSuper is an active and responsible investor, integrating ESG and stewardship into our investment practices to support long-term value creation for members.

With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as fossil fuels. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will remain sustainable and deliver long-term value for members.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at <https://www.australiansuper.com/investments/how-we-invest/climate-change>.

**10.50 I will attend AMM and ask this question:- I am your existing socially aware option member. I appreciate investing in an ethical fund. However today going through the equity listing, I have spotted the following. • MTR Corp Hong Kong – it is well known that MTR assisted the Hong Kong government and police to suppress the democratic movement in the city in 2019-2020. The brutal beating up of ordinary citizens on 21 July 2019 by triads linked to the government at Yuen Long station, and on 31 August 2019 by riot police inside train cabins, and subsequent refusal to release their CCTV to provide evidence to the public – should be enough evidence for MTR Corp to be taken out of any fund that emphasises on human rights. Links: <https://www.smh.com.au/world/asia/triads-linked-to-violent-pro-china-gangs-as-hong-kong-protests-enter-dangerous-new-phase-20190722-p529ln.html> <https://hongkongfp.com/2019/10/12/hong-kongs-mtr-unlikely-target-protests-showed-daddy/> I will hold off adding to my super unless the above can be explained satisfactorily. I will also switch all funds invested in MTR until it has been removed from the portfolio.**

AustralianSuper's Socially Aware option has a small holding in MTR Corp Hong Kong. MTR is not excluded from Socially Aware's investment universe as the company does not currently meet the option's screening criteria. This criteria includes companies in the Australian shares, international shares and fixed interest asset classes which have a red flag controversy rating on human rights and other ESG controversies. Our ESG data provider regularly reviews companies for changes to their controversy ratings and we ensure any changes are reflected in the portfolio.

AustralianSuper operates a globally diversified, long-term investment portfolio. We integrate Environmental, Social and Environmental (ESG) considerations across all our investment options, including the Socially Aware investment option. We have a long-standing program of integrating human rights considerations as part of this process.

#### **10.51 Could you share your views on Australian Super's impact investing plans?**

While we're not an impact investor and don't invest to meet specific sustainability goals, we do support and report on our contribution to the United Nations Sustainable Development Goals (SDGs). The SDGs aim for a better, more prosperous world by addressing global issues, such as climate change, water scarcity, healthcare access, and social inequity. The SDGs are important for investors as they provide a pathway for fostering sustainable economic development and growth, which are vital for creating long-term value for members. We do measure and report our portfolio's contribution to the SDGs. As at 30 June 2022, our aggregate equities and fixed interest portfolio contributed \$15.3 billion to the SDGs.

AustralianSuper is a responsible investor and integrates Environmental, Social and Governance (ESG) factors into our investment decision making. We actively steward our capital and use our influence to create sustainable long-term value for members. We also believe this approach will result in better outcomes on ESG issues. You can find out more in our latest Annual Report on the Reports tab via <https://www.australiansuper.com/about-us>.

#### **10.52 Can you tell me more about any investments in fossil fuel and mining organisations and the risks associated with them?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel and mining companies. AustralianSuper recognises climate change as a very important issue. We are taking actions to ensure we actively manage the risks and opportunities of climate change and position our portfolio for the net zero transition so that we can deliver the best investment returns for members. We are committed to achieving net-zero emissions in our portfolio by 2050. We recognise that as the global economy transitions to Net Zero, the composition of the world energy mix will change and will shift away from fossil-fuel related energy generation to renewable sources. We believe that managing the transition in a smooth and orderly way over time will minimise the economic costs of climate change and produce the best investment outcomes for members.

We've undertaken analysis to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. The aim of this analysis is to identify the largest contributors to portfolio emissions so we can pro-actively engage with companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets. You can find out more about how we're managing climate change risks and opportunities in our Climate Change report published at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

### **10.53 What risk does climate change pose to your current investments?**

Climate change poses a significant risk to the value of our assets and the Fund's long-term performance. As such, in November 2020 we made the commitment to achieve net-zero emissions in our portfolio by 2050. Our commitment is consistent with the scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC). Climate change presents both physical risks and transition risks to our investments. Physical risks to assets arise from changing weather patterns, such as severe weather events, longer-term shifts in climate and rising sea levels. Transition risks are those created as the world transitions to a low carbon economy. This is influenced by factors such as technological disruption, public policy, changes in consumer preferences and stranded asset risk (for example, the risk that fossil fuel reserves will suffer a significant loss in value if no longer required).

You can find out more about how we're managing these risks in our climate change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

### **10.54 What initiatives and assets is AS investing in that support policies or outcomes to combat climate change as this was mentioned as a key reason why the fund performed with a negative this year.**

AustralianSuper is a responsible investor and integrates Environmental, Social and Governance (ESG) factors into our investment decision making. We actively steward our capital and use our influence to create sustainable long-term value for members. We also believe this approach will result in better outcomes on ESG issues, such as climate change

We've undertaken analysis to understand the emissions profile of the companies we invest in and their future trajectory towards Net Zero 2050. The aim of this analysis is to identify the largest contributors to portfolio emissions so we can pro-actively engage with companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets. You can find out more about our climate change initiatives and investments in our climate change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

### **10.55 What percentage of investments in 2022 were either directly or indirectly invested in fossil fuel projects or assets?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. At 31 October 2022, we invested \$16.97 billion in listed shares, listed property and listed infrastructure companies which own fossil fuel reserves. Please note, this includes the total value of our investment in the company as that date, and not just the fossil fuel reserves they own.

### **10.56 What exactly is your 'positive ESG approach' generally vs Socially Aware option investment choices?**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. As we believe investing in companies with good Environmental, Social and Governance (ESG) management provides better long-term returns for members, we include consideration of ESG issues in our investment process. AustralianSuper's ESG and Stewardship program has three core pillars:

- ESG Integration, where the Fund integrates ESG considerations into its investment process.
- Stewardship where the Fund exercises the rights and responsibilities of ownership on behalf of Members.
- Choice, where the Fund considers Members' values in the investment choices it offers.

AustralianSuper's ESG and Stewardship program applies to the Socially Aware option. In addition, the Socially Aware option applies screening to the Australian shares, international shares and fixed interest asset classes.

**10.57 Is AS investing or supporting in any way into organisations that profit from oil/petroleum, blood diamonds products or those that impact on the destruction of forests e.g. palm oil?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy. We integrate consideration of ESG risks and opportunities in our investment processes to support long-term value creation for members. You can view a list of our investments at [australiansuper.com/WhatWeInvestIn](https://australiansuper.com/WhatWeInvestIn) and find out more about our ESG and Stewardship program at [australiansuper.com/ResponsibleInvestment](https://australiansuper.com/ResponsibleInvestment)

**10.58 ESG - In the case of a specific company, how is the "progress" of meeting or improving their ESG commitments measured or monitored? Is this independently done?**

As a large, direct investor in some of Australia's largest companies, we have access to the key decisionmakers in the companies we invest in. We regularly meet directly with the chairs, Board members and senior executives of major ASX companies on ESG issues that can impact long-term value. Our ownership enables us to conduct deeper, more specific engagement with company directors and senior management on ESG topics. As a long-term investor, companies are interested in our views and expectations as they can impact long-term value creation.

For our direct, active holdings in large and mid-cap ASX listed companies, we also develop ownership plans, which incorporate our assessment of how companies are managing ESG issues, their disclosure and stakeholder management approach.

**10.59 What are your plans to stop investing in fossil fuels?**

AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

**10.60 How much weight do AustralianSuper have into BHP actions?**

As a large, direct investor in some of Australia's largest companies, we have access to the key decisionmakers in the companies we invest in. We regularly meet directly with the chairs, Board members and senior executives of major ASX companies on ESG issues that can impact long-term value. Our ownership enables us to conduct deeper, more specific engagement with company directors and senior management on ESG topics. As a long-term investor, companies are interested in our views and expectations as they can impact long-term value creation.

**10.61 Is Australian Super reducing its investments in Fossil Fuels?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper recognises climate change as a very important issue. We are taking actions to ensure we actively manage the risks and opportunities of climate change and position our portfolio for the net zero transition so that we can deliver the best investment returns for members. We are committed to achieving net-zero emissions in our portfolio by 2050. We recognise that as the global economy transitions to Net Zero, the composition of the world energy mix will change and shift away from fossil-fuel related energy generation to renewable sources. We believe that managing the transition in a smooth and orderly way over time will minimise the economic costs of climate change and produce the best investment outcomes for members. You can find out more in our Climate Change Report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

**10.62 Can you provide some insight into Australian Super's exposure to fossil fuel-based assets?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. At 31 October 2022, we invested \$16.97 billion in listed shares, listed property and listed infrastructure companies which own fossil fuel reserves. Please note, this includes the total value of our investment in the company as that date, and not just the fossil fuel reserves they own.

We recognise that as the global economy transitions to Net Zero, the composition of the world energy mix will change and shift away from fossil-fuel related energy generation to renewable sources. We believe that managing the transition in a smooth and orderly way over time will minimise the economic costs of climate change and produce the best investment outcomes for members. You can find out more in our Climate Change Report at [australiansuper.com/ClimateChange](https://www.australiansuper.com/ClimateChange)

#### **10.63 Why Aus super not investing renewable energy market? and major transport.**

AustralianSuper currently invests in a range of renewable energy projects across different markets and technologies. You can find out more in our soon to be published Climate Change Report via <https://www.australiansuper.com/investments/how-we-invest/climate-change>

#### **10.64 How do you investigate modern slavery risks in Australian Super's own operations?**

You can find out more about how we're identifying and managing modern slavery risks in our operations and investment portfolio in our Modern Slavery Statement available at [australiansuper.com/ResponsibleInvestment](https://www.australiansuper.com/ResponsibleInvestment)

#### **10.65 Do we have timeframes on the 'engage' key action and performance strategies if companies do not comply?**

As a large, direct investor in some of Australia's largest companies, we have access to the key decisionmakers in the companies we invest in. We regularly meet directly with the chairs, Board members and senior executives of major ASX companies on ESG issues that can impact long-term value. Our ownership enables us to conduct deeper, more specific engagement with company directors and senior management on ESG topics. You can find out more about our engagement activities in our Annual Report available on the Reports tab via <https://www.australiansuper.com/about-us>

#### **10.66 Does AustralianSuper ever prioritise ESG performance above investment economic performance. I can understand the impact of ESG on long term economic performance but I would not like to think my economic performance would be impacted.**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens. We integrate ESG risks and opportunities in our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means incorporating consideration of ESG issues into our investment thinking helps us to manage risks and opportunities which can impact members' long-term returns.

#### **10.67 Why isn't the goal net zero by 2030? This would really drive innovation and change.**

AustralianSuper supports the goals of the Paris Agreement on climate change, which aim to limit global warming to well below 2 degrees, preferably to 1.5 degrees, by 2100. Our net zero 2050 target is consistent with the scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC).

We believe meeting the Paris Agreement goals will result in the lowest economic cost climate change outcome for members. This view is aligned to global policymakers around the world, including Australia, who have set net zero by 2050 targets.

#### **10.68 Do we use proxy advisors?**

AustralianSuper votes on company and shareholder resolutions for Australian and international listed companies. Each individual resolution is considered on its own merits through the members' best financial interest lens. We may consider advice from proxy advisors and external managers, but ultimately make our own decisions based on what we believe will create or enhance long-term company value on behalf of members.



**10.69 Does Aus super still invest in oil and gas projects? If so, when are you planning to phase out this investment?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

**10.70 Re your ESG approach. In the event of a conflict between this and the statutory duty of trustees to maximise returns to members, how do you respond? What takes precedence?**

AustralianSuper's purpose is to help members achieve their best financial position in retirement. Every investment decision we make is considered through that lens. We integrate ESG risks and opportunities in our investment processes to support long-term value creation for members.

We do not see a trade-off between ESG and a duty to deliver returns, rather there is a general consistency between the two. This is because ESG issues are long-term and thematic, and we are a long-term investor. That means incorporating consideration of ESG issues into our investment thinking helps us to manage risks and opportunities which can impact members' long-term returns.

**10.71 How do you monitor development in technology and changes on the sustainability of the current trends of alternative energy sources and renewals. There are changes already occurring on the viability of driving EV vs Hybrid options or new direction such as Hydrogen. How are these changes assessed ???**

The transition in the energy mix will create investment opportunities across a range of technologies, including renewable energy, climate change solutions with new technologies developed as the world decarbonises. AustralianSuper currently invests in a range of clean energy solutions, across markets and technologies. Our investment team monitors developments in new technologies and technology pathways consistent with a net zero 2050 economy. For example, we're a founding investor partner of the Australian Industry (ETI), which is supporting Australian industry in hard-to-abate sectors to accelerate action towards achieving net zero emissions supply chains by 2050. Through this initiative, we're working with industry to develop pathways for emissions reductions across five supply chains: iron and steel, aluminium, liquified natural gas, other metals (including copper, nickel and lithium) and chemicals, such as fertilisers and explosives. Collectively, these sectors contribute more than a quarter of Australia's annual greenhouse gas emissions and generate exports worth around \$160 billion.

**10.72 You are obviously applying considerable pressure on companies to move to net zero. This could be at the detriment of shareholder returns. This is not what fund members give you their money for. It is to maximise returns.**

AustralianSuper supports the goals of the Paris Agreement on climate change, which aim to limit global warming to well below 2 degrees, preferably to 1.5 degrees, by 2100. Our net zero 2050 target is consistent with the scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC).

We believe meeting the Paris Agreement goals will result in the lowest economic cost climate change outcome for members. This view is aligned to global policymakers around the world, including Australia, who have set net zero by 2050 targets.

**10.73 How is your fund, balancing climate change or social commitments, vs ensuring the best delivery for members of returns? A potentially overly Woke culture could take the eye of the ball of the sole purpose - to make money for members.**

Climate change poses a significant risk to the value of our assets and the Fund's long-term performance. As such, in November 2020 we made the commitment to achieve net-zero emissions in our portfolio by 2050. Our



commitment is consistent with the scientific consensus of reductions required to meet the goals of the Paris Agreement as outlined by the Intergovernmental Panel on Climate Change (IPCC). This science is based on an assessment of more than 6,000 peer-reviewed publications and is commonly accepted by investors, regulators, governments, central banks and businesses around the world. We believe meeting the Paris Agreement goals will result in the lowest economic cost climate change outcome and enable us to fulfil our overriding responsibility of achieving the best possible retirement outcomes for members.

#### **10.74 Is Australian Super aware that EU Nations are withdrawing from the Energy Charter - France, Netherlands, Sweden and Germany?**

We understand that several European countries have announced their intention to withdraw from the Energy Charter Treaty as they don't believe it aligns with their climate change goals.

#### **10.75 Have you completely stopped investing in coal mining, gas exploration and possible investment in building uranium based industries?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

#### **10.76 How close is Australian Super to completely divesting from fossil fuels?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

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#### **10.77 How is the Fund actually going to achieve net zero by 2050, and how does the Fund's investment in fossil fuel tie in with that?**

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members. You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

#### **10.78 What is Australian Super's approach to divesting from fossil-fuel based companies, in line with decarbonisation goal and related risks?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe

companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

We are committed to achieving net-zero emissions in our portfolio by 2050. We recognise that as the global economy transitions to Net Zero, the composition of the world energy mix will change and shift away from fossil-fuel related energy generation to renewable sources. We believe that managing the transition in a smooth and orderly way over time will minimise the economic costs of climate change and produce the best investment outcomes for members.

We've undertaken analysis to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. The aim of this analysis is to identify the largest contributors to portfolio emissions so we can pro-actively engage with companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets. You can find out more about how we're managing climate change risks and opportunities in our Climate Change report published at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange) To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

#### **10.79 Can the team please provide specificity as to how Australian Super will be contributing to reducing climate change through investing in renewable energy companies and not in coal?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper recognises climate change as a very important issue. We are taking actions to ensure we actively manage the risks and opportunities of climate change and position our portfolio for the net zero transition so that we can deliver the best investment returns for members.

We are committed to achieving net-zero emissions in our portfolio by 2050. We recognise that as the global economy transitions to Net Zero, the composition of the world energy mix will change and shift away from fossil-fuel related energy generation to renewable sources. We believe that managing the transition in a smooth and orderly way over time will minimise the economic costs of climate change and produce the best investment outcomes for members.

We've undertaken analysis to understand the emission profile of the companies we invest in and their future trajectory towards Net Zero 2050. The aim of this analysis is to identify the largest contributors to portfolio emissions so we can pro-actively engage with companies to advocate for net zero commitments and near-term actions aligned to this goal, credible transition strategies and demonstrated progress against company targets.

AustralianSuper also currently invests in a range of renewable energy solutions, across markets and technologies. You can find out more about how we're managing climate change risks and opportunities in our Climate Change report published at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

#### **10.80 Does Australia Super hold investments in fossil fuel companies / projects ? If so, is there a plan to divest, given urgency of achieving net zero emissions ?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

#### **10.81 What's your plan for divesting completely from fossil fuel investments and what's the time frame?**

AustralianSuper invests in a diversified portfolio of assets across different sectors of the economy, including fossil fuel companies. AustralianSuper has not set a timeline for divesting from fossil fuel companies. We believe

companies that are proactively managing their transition to a low-carbon economy, consistent with the Paris Agreement and a net zero 2050 economy will support long-term value creation for members.

AustralianSuper has committed to net zero by 2050. To deliver on that commitment, we are engaging with the companies we invest in and exercising our ownership rights through our voting practices, to understand and influence their net zero commitments and detailed transition plans.

You can find out more about how we're managing the transition to a net zero investment portfolio in our Climate Change report at [australiansuper.com/ClimateChange](https://australiansuper.com/ClimateChange)

**10.82 What are Aust Super's strategic plans over the longer term wrt environment risks (eg exposure to both scope 1/2 and scope3 emissions) and Balanced option performance returns?**

Our Climate Change report provides details about our approach to measuring levels of emissions in the portfolio. <https://www.australiansuper.com/-/media/australian-super/files/investments/how-we-invest/climate-change/climate-change-report.pdf>

## 11 Product

### 11.1 Can you offer Gold & Crypto options for members to allocate percentage of portfolio to?

We currently offer access to both Exchange Traded Funds (ETFs) Physical Gold (ASX code: GOLD) and ETFs Physical Silver (ASX Code: ETPMAG) via our Member Direct investment option. We do not offer exposure to Crypto currency and have no plans to do so.

### 11.2 Do you do self-managed super funds as well?

We do not currently provide SMSF administration services and have no plans to do so. However, our Member Direct investment option provides access to a broad investment universe of term deposits, ASX 300 shares, selected Exchange Traded Funds and Listed Investment Companies without the additional expenses of administrative and tax requirements that SMSFs need to comply with annually.

### 11.3 During the investment timeline of an Australian Super customer, we expect to navigate economic turbulence that comes with investing. Our risk profile changes over this timeline. Are you considering an investment option for age adjusted for risk? Higher risk at the beginning of someone's investment timeline, becoming gradually more conservative as the account and individual reaches maturity and gets closer to retirement?

Following considerable research into lifecycle risk-based products, our analysis demonstrated that most of our members have a relatively long investment horizon (20+ years) and can therefore benefit from a long-term capital growth strategy that our Balanced option offers. We are not currently considering lifecycle risk-based products. Members looking to adjust their level of risk due to age can exercise choice and select one of our other PreMixed investment options that provide a broad diversification of investments and a range of risk levels.

### 11.4 I would like the opportunity to create a joint super account with my husband. Could Australian Super introduce joint super accounts?

Under existing government legislation it is not possible for AustralianSuper to offer joint superannuation accounts between spouses. However, you can contribute to your partner's super by splitting up to 85% of your before-tax super contributions subject to certain conditions. You can also make after tax contributions to your partner's super subject to certain conditions. Refer to [www.australiansuper.com/superannuation/grow-your-super/add-to-your-partners-super](http://www.australiansuper.com/superannuation/grow-your-super/add-to-your-partners-super). It is recommended you consider seeking financial advice before deciding what's right for you.

### 11.5 if I am not going to take any money out from the Australian supe when retire, can I still enjoy the return from it?

If you do not wish to start an income stream with your super savings, you are able to maintain your AustralianSuper super account indefinitely, taking lump sum withdrawals as required. There are also some advantages of using an income stream to consider, such as zero tax on earnings and regular payments. It is recommended you consider seeking financial advice before deciding what's right for you.

### 11.6 Investment options in regards to retirement

The investment menu for Choice Income is the same as for Accumulation. The difference is the Choice Income investment options have a zero tax rate on earnings, and the accumulation investment options have an earning tax rate of 15%. This is why the returns are different. Our investment menu is designed to provide a mix of options that will meet your circumstances and risk appetite. You can speak with an advice team member over the phone at no extra cost to see if your current investment choice is right for you. For advice in relation to starting a retirement account, there may be a small fee payable. Call 1300 300 273 between 8AM and 8PM AEST/AEDT.

### 11.7 Review of Investment Choice as heading closer to retirement

There are a number of things to consider when thinking about your investment options - such as heading closer to retirement! Other things to consider include how long you plan to keep your savings invested, whether you plan to transfer your super to an income stream like AustralianSuper's Choice Income, and your comfort with investment risk. You can speak with an advice team member over the phone at no extra cost to see if your current investment

choice is right for you. For advice in relation to starting a retirement account, there may be a small fee payable. Call 1300 300 273 between 8AM and 8PM AEST/AEDT.

### **11.8 What is Australian Super doing to enable members to better modify their investments to match their risk appetite?**

For members looking to match investments to their level of risk we offer a selection of PreMixed options that provide a broad diversification of investments and a range of risk levels. Our DIY Mix options also enable members to allocate a proportion of their portfolio to Australian shares, international shares, fixed interest or cash or to create their own diversified portfolio from these options. The Member Direct investment option offers members more control to match their specific risk appetite with the option to invest in ASX 300 shares, selected Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs), term deposits and cash.

### **11.9 Why doesn't Australian Super offer a High Growth Socially Aware option?**

We currently offer the Socially Aware option with an asset allocation that is similar to that of the Balanced option (broadly a 70% growth 30% defensive asset allocation). We believe this meets the needs of the majority of our members looking to avoid investing in industries and companies that don't align with their values. There are no plans to introduce more Socially Aware options with asset allocations such as High Growth or Conservative Balance at this time.

### **11.10 Why don't Aust Super have more investment options like Mining companies?**

Many of our Pre-Mixed options as well as the Australian Shares and International shares DIY Mix options invest in the mining and resources sectors both here and overseas. Our Member Direct investment option provides access to a number of Exchange Traded Funds that offer exposure to a broad list of companies including those in the mining sector as well as specific exposure to ASX 300 shares which includes a number of mining companies (BHP, RIO, FMG, etc).

### **11.11 Will Australian super extend the members direct product to include US based shares (NASDAQ and NYSE)?**

There are currently no plans to broaden the investment menu on Member Direct to offer securities listed on NASDAQ and NYSE due to the operational complexity of doing so. However, we currently offer Exchange Traded Funds listed on the ASX that track international markets and/or exchanges such as the US, for example NDQ which tracks the NASDAQ 100 index.

### **11.12 Will you invest in category by age by risk**

Following considerable research into lifecycle risk-based products, our analysis demonstrated that most of our members have a relatively long investment horizon (20+ years) and can therefore benefit from a long-term capital growth strategy that our Balanced option offers. We are not currently considering lifecycle risk-based products. Members looking to adjust their level of risk due to age can exercise choice and select one of our other PreMixed investment options that provide a broad diversification of investments and a range of risk levels.

**11.13 On member direct, the Corporate Action User Interface is very poor, even after the upgrade. Do you plan to improve that part of the software?**

We are currently working with our technology supplier and plan on upgrading the Corporate Action User Interface in 2023.

**11.14 Will Direct member's investment & transaction fees reduce in future? And,**

**11.15 Why is Member Direct share trading so expensive compared to other provider?**

Australian Super regularly reviews the products and services we offer including how much they cost members to ensure they are competitive, equitable and sustainable, while complying with all regulations. We will be the reviewing Member Direct investment option fees and costs and brokerage fees in 2023.

**11.16 What are the cash investments? Does that include term deposits or equivalents.**

AustralianSuper offers a DIY Mix Cash option which invests in short-term money market securities and some short-term bonds. The DIY Mix Cash option is designed to have stable returns above the official cash rate however it can have zero or negative returns after fees, costs and taxes, depending on the level of market interest rates. We also offer a Cash Account with a competitive interest rate and Term Deposits via our Member Direct investment option. Additional fees apply to access these options - Refer to [www.australiansuper.com/investments/your-investment-options/member-direct](http://www.australiansuper.com/investments/your-investment-options/member-direct) for more details.

**11.17 What is the progress towards providing a CIPR product as per government wishes for super funds?**

A CIPR product is not a requirement for superannuation funds. AustralianSuper continues to look at new solutions which could assist members with their retirement income needs, however no particular solution has yet been chosen by AustralianSuper.

**11.18 Will you be developing a capital guarantee income product?**

AustralianSuper continues to look at solutions which could provide some members access to products that could provide an income for a member's entire retirement. There are a number of options that could be implemented, including solutions that may provide capital guaranteed income, however no particular solution has yet been chosen by AustralianSuper.

**11.19 Is AustralianSuper considering offering a lifetime pension option in the future?**

AustralianSuper continues to look at solutions which could provide some members access to products that could provide an income for a member's entire retirement. There are a number of options that could be implemented, including lifetime pensions, however no particular solution has yet been chosen by AustralianSuper.

**11.20 Does AustralianSuper plan to introduce products such as HostPlus CPIplus or QSuper Lifetime Pension? And,**

**11.21 Are you looking at any other retirement income products like lifetime pensions?**

AustralianSuper continues to look at new solutions to provide income in retirement. Depending on members needs there are a number of options that could be implemented, however no additional solutions have yet been chosen by AustralianSuper.

**11.22 Will you develop a capital guarantee retirement income product?**

AustralianSuper continues to look at solutions which could provide some members access to products that could provide an income for a member's entire retirement. There are a number of options that could be implemented, including solutions that may provide capital guaranteed income, however no particular solution has yet been chosen by AustralianSuper.



**11.23 Since this system is electronic and most likely instant, why cannot investment mix changes in the DIY portfolio be made upon the close of the last market, that being the US market. This will enable changes in mix on the ASX 200 based on overseas market trends before the ASX opens. The ASX invariably follows the trend of the US Market.**

The 4pm AEST/AEDT cut-off time for investment switches and cash transfers is set to align with the Australian Securities Exchange close and provides AustralianSuper with sufficient notice to manage the subsequent changes required to each investment option's holdings to match members' requests. The crediting rate calculation and switching processes were established to ensure equity among transacting and non-transacting members. See How crediting rates and investment returns work: [www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/how-crediting-rates-and-investment-returns-work.pdf](http://www.australiansuper.com/-/media/australian-super/files/tools-and-advice/forms-and-fact-sheets/investment/fact-sheets/how-crediting-rates-and-investment-returns-work.pdf)

**11.24 What is the Member Direct feature on the AustralianSuper app?**

Our Member Direct investment option offers access to a Cash Account with a competitive interest rate, term deposits, ASX 300 shares and selected Exchange Traded Funds (ETFs) and Listed Investment Companies (LICs). Refer to [www.australiansuper.com/investments/your-investment-options/member-direct](http://www.australiansuper.com/investments/your-investment-options/member-direct) for more details.

## 12 Strategy

### 12.1 Are future mergers with other funds planned and what advantages for members? And,

### 12.2 Does Australian Super have plans to merge with nonperforming funds?

Answered by Chair, Dr Don Russell during the meeting: Mergers have been an important part of the AustralianSuper growth story and it's probably fair to say that over the years, we've developed quite a capability to bring new members into the Fund, and we're particularly pleased that over the last year we've been able to successfully welcome LUCRF members and Club Plus members. We are conscious that in this time of consolidation, when a lot of funds are actually looking for other partners, that we do have responsibilities to look at mergers on their merits.

### 12.3 Are you considering implementing 'target date super fund' like Vangaurd are proposing as mentioned by Scott Pape - The Barefoot invested in his article on his website of Sep 2022?

AustralianSuper continually reviews its products and their suitability for members. We have no announcement to make regarding target date products at this point.

### 12.4 Could you please update us on the idea that Government has about superannuation companies investing in social and affordable housing, and,

### 12.5 What does AustralianSuper think of the government's proposal to use the funds to invest in housing?

Answered by Chief Executive Paul Schroder during the meeting: The first part is: are we intending to invest members' money? Well, the answer is we don't know yet because it will always be, always be, a matter of risk and return and will we be getting a good enough return for the risks that we're taking.

So, what we have said is we're really absolutely committed to engaging in a discussion with the construction industry and with local government and with State Governments and with Federal Governments to see if we can be an active and positive force in the discussion about housing affordability because a lot of people are having a lot of trouble finding safe and secure housing, especially younger people. But our only lens is: will we make enough money for you out of it? And some of you might have seen that I made some public comments saying that the kind of return we need is somewhere between 6% and 11%, depending on how much risk we're taking or the risks that we're sharing with others.

So, the answer is we haven't had to consider whether we are going to invest or not because there's nothing in front of us to make a judgment about. If you ask are we interested in engaging properly about this, of course we are because AustralianSuper members are members of the Australian community and they want to be able to live well in retirement and as they're building their balances. So, the answer is no, we haven't decided to do anything about that yet and we're working constructively, but we'll only do it if it makes you enough money for the risk that we're taking on your behalf.

The second part of that is how will members' interests be protected. Well, you'll be protected in exactly the same way as we apply the investment thesis to any other thing as part of a diversified portfolio. So don't be under any illusion: we'll only ever see this through an investing lens. But we do think that if the Federal Government released more land and if it was easier to get approvals and if construction could become cheaper because it could be done at scale, and then if we and banks were involved in that, we do think that there's an investable proposition there but it's a long, long way before we'll need to make a judgment about whether we're investing or not.

### 12.6 Do you plan to open an office in state to help your clients?

Physical member-facing offices are not currently part of AustralianSuper's strategy.

### 12.7 Effects of Brics agreement on super

Chief Investment Officer and Deputy Chief Executive Mark Delaney has spoken on the market and economic outlook. We would encourage you to view or read his statements.

**12.8 What are AustralianSuper's main goals for the foreseeable future and how will AustralianSuper achieve these goals? And,**

**12.9 What's your strategy to be better than the top super funds?**

AustralianSuper has mapped out its strategy to 2030. To read about the 2030 Strategy, you can view the FY21 and FY22 Annual Reports via the Reports tab of our website via: <https://auth.australiansuper.com/about-us>

**12.10 Which technology innovations are AustralianSuper looking to begin utilizing in the next 5 years?**

AustralianSuper has mapped out its strategy to 2030, which touches on the use of technology to better understand and service members. To read about the 2030 Strategy, you can view the FY21 and FY22 Annual Reports via the Reports tab of our website via: <https://auth.australiansuper.com/about-us>

**12.11 Longevity is a real concern for retirees. Would AS advocate to the government to continue to allow 50% discount to the ever-increasing compulsory drawdown percentage?**

AustralianSuper understands the concerns that members have around longevity, particularly in times of high inflation. The changes during the COVID pandemic were designed to reduce the need to sell investment assets to fund minimum drawdown requirements, providing Australians with flexibility during uncertain times.

Minimum drawdown rates will always need to strike a difficult balance to ensure that superannuation is primarily used for retirement in a prudent manner. AustralianSuper has an ongoing dialogue with the Government to safeguard the principles of the system and ensure it is helping members achieve their best financial position in retirement.

**12.12 Is Australian super being proactive in discussions around \$5m personal limit. If this does not allow for couples (10 mill), due to differential balances, then there may be an outflow to joint SMSFs where a couple can share. Forced selling at market lows is not in members interests if one needs to reduce the balance**

AustralianSuper does not have a set view on a limit for superannuation balances; however, we believe the system must be equitable and provide support for those who need it the most. We believe the superannuation system should be designed to provide an adequate income to ensure all Australians can achieve a dignified retirement, supplementing or substituting the age pension.

**12.13 Some economists have been suggesting a review of the tax advantage status of "boomers" with high Super-Pension balances. Will AustralianSuper oppose any proposed Boomer Tax on high pension balances?**

AustralianSuper does not have a set view on a limit for superannuation balances; however, we believe the system must be equitable and provide support for those who need it the most. We believe the superannuation system should be designed to provide an adequate retirement income to ensure all Australians can achieve a dignified retirement, supplementing or substituting the age pension.

**12.14 Is there anything in the legislative landscape being considered by the government that could have a material impact on Superannuation that members should know about?**

AustralianSuper is always monitoring the legislative landscape for measures that could have a material impact on the superannuation system and our members, and the Funds strategy. AustralianSuper advocates to help members achieve their best financial position in retirement and to create the best superannuation system in the world. AS is constantly communicating with members regarding any material issues that may affect them. We also actively pursue policy change that is in our members best financial interests.

**12.15 with Vanguard Super coming on, is our fund making any changes to compete? And,**

**12.16 What impact do you foresee for the fund from entry of Vanguard in the superannuation space?**

This year was the first year of AustralianSuper's 2030 Strategy. The 2030 Strategy is centred on our purpose to help members achieve their best financial position in retirement. With ambitious goals to achieve to allow us to deliver more for members, we are confident that this strategy will support AustralianSuper in maintaining its leading position for members.

#### **12.17 How are the new offices funded? Will there be increases in member fees?**

The Beijing office was opened in 2012, the London office was opened in 2016 and the New York office was opened in 2021. In FY22, AustralianSuper announced a new fee structure. The change in our administration fee structure in September 2022 saw the fixed part of the administration fee reduce to \$1 a week, less than half the previous fee of \$2.25 a week. The variable part of the fee increased from up to 0.04% to 0.10% of a member's balance, which is capped at \$350 a year for members with super accounts, and \$600 a year for members with a Choice Income pension or Transition to Retirement (TTR) Income account. It's estimated that fewer than 5% of members will pay the maximum capped fees. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.)

#### **12.18 How can you justify opening an office in Beijing given the disruptive , spying , hacking ,military threatening and silence by China in strongly challenging Russia in its warring in Ukraine.**

The Beijing office was opened in 2012 as part of the Fund's globalisation strategy. To source the best investments for members, we need to access global investment opportunities. To do this efficiently, we are growing our global investment capabilities by expanding our on-the-ground-presence in key global markets, improving our ability to access local investment opportunities, build relationships and oversight our investments.

#### **12.19 What is AS doing to improve diversity and representation in its own organisation?**

AustralianSuper continues to value diversity, equity and inclusion to reflect the members we serve and provide a workplace where colleagues can be their authentic selves. Our 2022 colleague survey told us that 91% of colleagues can bring their true selves to work, and 95% of colleagues believe they're treated with respect regardless of age, race, gender, sexual orientation or physical capabilities. Diversity, equity and inclusion actions increase engagement and drive positive business outcomes, which ultimately benefit AustralianSuper members' retirement outcomes.

Our diversity, equity and inclusion actions and achievements in FY22 include: Being named a Workplace Gender Equality Agency (WGEA) Employer of Choice for the 11th consecutive year. Participation in this voluntary program supports work the Fund is doing to reduce the gender pay gap, guiding our actions and targets; Chief Executive, Paul Schroder, is a member of the Champions of Change Coalition; Established in 2021, the Pride@AustralianSuper network boasts 100 members from the LGBTQ+ community and allies. Work completed by the network includes events hosted for Wear It Purple Day and International Day against Homophobia, Biphobia and Transphobia (IDAHOBIT), LGBTQ+ Ally Training, submission of our second Australian Workplace Equality Index and creation of gender affirmation guidelines for colleagues and people leaders. We continue to partner with CareerTrackers, who link Indigenous university students with AustralianSuper for paid internships.

Following consultation across the Fund to harness ideas and hear what is valued in respect of our diversity, equity and inclusion (DEI) actions, we've developed our FY23–FY25; DEI Plan. The Plan includes four key focus areas: driving equity; fostering a culture of inclusion; growing diversity; and belonging and connections; AustralianSuper is a member of Pride in Diversity, Diversity Council Australia, Australian Network on Disability and an endorsed employer of Work180.

#### **12.20 Have AusSuper any plans to offer investment services to members with additional funds outside super?**

AustralianSuper's 2030 Strategy is focussed on superannuation and superannuation outcomes. At this stage, the Fund has no plans to provide a trading platform as it is focussed on delivering the 2030 Strategy. For more on our Strategy please take a look at the FY22 Annual Report, available via the Reports tab via: <https://auth.australiansuper.com/about-us>

**12.21 It seems that the size impacts are positive in terms of its services level via reduction of fees through economies of scale. What are the drawbacks from growing size of fund? If there are, how does Australian super assess and manage drawbacks from increasing size of the fund, particularly investments? And,**

**12.22 With \$258bn AUM I would imagine most scale benefits would have been achieved by now. In my view growing the fund too large may cause a negative effect of the best investments only having a smaller marginal benefit for individual members. Do you agree? If not why, and how much cost benefits can members expect to receive from growth?**

Answered by Chief Executive Paul Schroder during the meeting: that's a question that's on the mind of the Executive and on the Board and all the way through the organisation. So, yes, there are definitely advantages of size and scale and bringing together skill and being bigger does allow you to have lower fixed costs per member and it allows you to do more things and it allows you to speak with a stronger voice and it allows you to attract more talented people to do the job of helping you have a bigger balance for your retirement.

As you get bigger, though, you have to do things differently, and you might recall that over the years, we've internalised investments, done more and more of that inside the Fund, and that's saved about \$1 billion over the last seven years in investment costs. But you need to keep evolving the model, and for all the members involved tonight, we're going more global; we're internalising more; and we're looking more at private assets. They're great opportunities for us to make money for you and to make more money for you than you would be able to make for yourself or be able to make in another fund.

We're very conscious, though, that you couldn't be the same and be successful at bigger scale. As we grow, we need to evolve the model. We've had Bain & Company in helping us with that, and thinking about our target operating model, because we will all - all of you online tonight - we'll all be part of a \$1 trillion dollar fund in the foreseeable future and we need to make the steps and take the actions now to make sure we've got the culture and the talent and the people and the systems and the processes and the methods that are commensurate with a large global fund.

So, the answer to your question is we're thinking very carefully about that. We know that scale will be to your benefit because size and scale and skill will deliver you benefits, but no benefit comes without cost. And we have to think very carefully about how we'll change and how we'll evolve the model over time. As I say, we've had Bain in. We're thinking about this and we're thinking about it through a 2030 lens and beyond so that when we have this meeting next year and the year after and in 10 years' time, you can be really confident about your super and your balance and the people who are serving you to try and put you in the position where you can have the best retirement possible.

**12.23 What are the risks to members returns should unplanned or unforecasted changes to the federal government's fiscal strategy such as removing the stage three tax cuts? Will the repealing of the stage three tax cuts have an impact on returns for members via the economy?**

AustralianSuper is always monitoring for any measures that could have a material impact on member returns and the Funds strategy. Decisions regarding tax are matters for Government; however, we have an ongoing dialogue with the Government to safeguard the principles of the system and ensure it is helping members achieve their best financial position in retirement. We will also continue to provide input into consultation processes regarding issues that may affect our members. AustralianSuper maintains a diversified investment portfolio of domestic and international assets which is designed to mitigate risk to member returns in all economic conditions

**12.24 Should AustralianSuper have its office in emerging economy in India ?**

The portfolio has exposure to Indian listed equities, private equity and infrastructure assets. At the moment, the Fund only has an office presence in countries with key financial markets.

**12.25 Does Australian Super have plans to merge with non performing funds?**

Answered by Chair, Dr Don Russell during the meeting: Mergers have been an important part of the AustralianSuper growth story and it's probably fair to say that over the years, we've developed quite a capability to bring new members into the Fund, and we're particularly pleased that over the last year we've been able to successfully welcome LUCRF members and Club Plus members. We are conscious that in this time of

consolidation, when a lot of funds are actually looking for other partners, that we do have responsibilities to look at mergers on their merits.

The Board has thought about this at some length and the Board is very clear that we are not interested in growth for growth's sake, that we do have the scale, that we don't have to chase scale as an objective in its own right, and that we can view possible mergers on their merits, and to be sure that when we do them, they are really in the best interests of our members, and that will be how we continue to approach this issue as we go forward.

#### **12.26 What are the 2023 and 2024 plans of Australian Super?**

AustralianSuper has mapped out its strategy to 2030. To read about the 2030 Strategy, you can view the FY21 and FY22 Annual Reports via the Reports tab of our website via: <https://auth.australiansuper.com/about-us>

#### **12.27 I believe the government is considering an additional superannuation tax. Do you know in what form this will take and how you intend to respond?**

AustralianSuper is always monitoring for any measures that could have a material impact on member returns and the Funds strategy. Decisions regarding tax are matters for Government; however, we have an ongoing dialogue with the Government to safeguard the principles of the system and ensure it is helping members achieve their best financial position in retirement. We will also continue to provide input into consultation processes regarding issues that may affect our members.



## 13 Security

The following questions have been grouped together due to their similarity and were answered at the AMM:

- 13.1 Given what recently happened with Optus data breach, what measures have you put in place to ensure the same situation will not occur with my data entrusted to you through my super account? And,**
- 13.2 How is AusSuper protecting members private data. Any special steps to protect customers from scammers after the recent Optus breach. And,**
- 13.3 In this heightened environment of cyber security threats what additional measures AustralianSuper is taking at corporate systems and day to day transactions level to prevent fraudulent activity? Security of member funds should override any considerations of speed or convenience in all dealings and transactions. And,**
- 13.4 What is being done to ensure the cybersecurity of Australian Super accounts including our personal information? And,**
- 13.5 Will my data be safe with Australian Super?**

Response from CTO Mike Backeberg during the AMM: If I go back to 2018, the improvement in cybersecurity was a decision made by the Board, supported by the Executive, and this is very important because improving cybersecurity and the safety of data is a long-term program. So, we have been actively working on it for many years, but increased our internal capability with a dedicated Information Security team who are focused on ensuring that we operate an environment that is safe and secure for members and colleagues to actually work on a day-to-day basis.

Included in that is looking at our core suppliers who bring services to the Fund, and we do regular assessment of what those cybersecurity controls are and how they operate. More specifically, in relation to what's happened recently, we've increased the number of controls to ensure that we validate any behaviour on a member's account where we have concerns that something may be happening, and that gives us an opportunity to retest and validate that the transaction is, in fact, valid.

I would also like to touch on the fact that cybersecurity remains a focus for every colleague in the Fund, not only our technology colleagues but every single person who works across the Fund. With that, we have regular cybersecurity awareness sessions. Most recently, we had an awareness day with 260 colleagues across the Fund participating, understanding what we can do to improve awareness and really bring better outcomes to every member.

For you, participating in this session, we have detailed information on our public website. If you feel that there is something malicious or fraudulent happening, I encourage you to look at our website. Go to the links that are available. There is support that you can access. Reach out to our contact centre and take steps to really protect your information. We will obviously continue to monitor this and really look to bring the best controls and environment that we have available to you.

And the last point I just want to touch on is that this question is crucially important to what we need to do as an industry, what we need to do as a community, recognising that cyber criminals are not working in our best interests. Being aware and raising these questions really helps us go forward and take positive, proactive steps to ensure that all member data is secure and that we can look after what we need to do to bring you the best services that we possibly can in achieving members' best financial outcomes.

Find out more about what you can do to help keep your privacy and identity safe at <https://www.australiansuper.com/online-security-tips>

The following questions have been grouped together due to their similarity and were answered at the AMM:

- 13.6 What are Australian Super doing to protect member identities from internet scammers such as 2 factor identification, Authenticator apps, cyber security on all system drives, employee training, anti-virus, deleting personal data when no longer needed etc. And,**
- 13.7 In light of recent data breaches when will Australian Super introduce two-factor authentication (2FA) or multi-factor authentication (MFA) to secure our superannuation accounts? And,**
- 13.8 What Data Privacy provision are in place to avoid an OPTUS situation. I was disappointed that concerns raised have not been taken seriously and that there are no "Fraud" options in any of the on-line feedback mediums, and no operators could take the issue further. And,**
- 13.9 Is our super safe with A.S.? What anti-identify theft measures do you take to minimise the potential for a super acct takeover via identify theft?**
- 13.10 In the wake of recent events, the cybersecurity related questions: Has your IT infrastructure been pen tested recently, by a certified cybersecurity company? If not, what is your plan to fortify the systems security? When will 2FA be available?**
- 13.11 my question is regarding online account access security and has the super board considered increasing security by means of two part password authorization system using either SMS password to the registered mobile number or using mobile phone apps like Microsoft authenticator password generator to increase the requirement of two passwords to access the account**
- 13.12 Will AustralianSuper be introducing 2 Factor Authentication for login to the super website, as many other banks have?**
- 13.13 my question is regarding online account access security and has the super board considered increasing security by means of two-part password authorization system using either SMS password to the registered mobile number or using mobile phone apps like Microsoft authenticator password generator to increase the requirement of two passwords to access the account**
- 13.14 When will a two step verification be added to on line or app logins?**
- 13.15 Will 2 factor authentication be available on the member portal website for logins, changes and lump sum withdrawals?**

Response from CTO Mike Backeberg during the AMM: 'If I go back to 2018, the improvement in cybersecurity was a decision made by the Board, supported by the Executive, and this is very important because improving cybersecurity and the safety of data is a long-term program. So, we have been actively working on it for many years, but increased our internal capability with a dedicated Information Security team who are focused on ensuring that we operate an environment that is safe and secure for members and colleagues to actually work on a day-to-day basis.'

AustralianSuper requires multi-factor authentication (including two-factor authentication) for a number of actions and will be expanding this to more actions soon. For example, there are some actions you can't do via the App and you need to contact us to enable further verification. Protecting your account is important to us. We have robust security measures and processes to help keep members' account and personal data safe. Find out more about what you can do to help keep your privacy and identity safe at <https://www.australiansuper.com/online-security-tips>

The following questions have been grouped together due to their similarity and were answered at the AMM:

**13.16 Can you please advise how secure members private information is from haxckers?**

**13.17 Does Australian Super engage leading cyber security experts to protect our data?**

**13.18 About Security, can you articulate a bit further about what measures you have said that you have undertaken please, I'd like to hear about internal education plans and education of fund constituents that you have undertaken or planning to undertake too ... thank you :-)**

**13.19 What Data Privacy provision are in place to avoid an OPTUS situation. I was disappointed that concerns raised have not been taken seriously and that there are no "Fraud" options in any of the on-line feedback mediums, and no operators could take the issue further.**

**13.20 In view of the recent cyber security breaches of major Australian companies, is AustralianSuper able to protect members from similar security breaches?**

**13.21 What is Australian Super doing to protect our Account data, Information and Funds, from Hackers?**

**13.22 What protections are in place to guard against cybercrime and ransomware attacks?**

Response from CTO Mike Backeberg during the AMM: If I go back to 2018, the improvement in cybersecurity was a decision made by the Board, supported by the Executive, and this is very important because improving cybersecurity and the safety of data is a long-term program. So, we have been actively working on it for many years, but increased our internal capability with a dedicated Information Security team who are focused on ensuring that we operate an environment that is safe and secure for members and colleagues to actually work on a day-to-day basis.

Included in that is looking at our core suppliers who bring services to the Fund, and we do regular assessment of what those cybersecurity controls are and how they operate. More specifically, in relation to what's happened recently, we've increased the number of controls to ensure that we validate any behaviour on a member's account where we have concerns that something may be happening, and that gives us an opportunity to retest and validate that the transaction is, in fact, valid.

I would also like to touch on the fact that cybersecurity remains a focus for every colleague in the Fund, not only our technology colleagues but every single person who works across the Fund. With that, we have regular cybersecurity awareness sessions. Most recently, we had an awareness day with 260 colleagues across the Fund participating, understanding what we can do to improve awareness and really bring better outcomes to every member.

For you, participating in this session, we have detailed information on our public website. If you feel that there is something malicious or fraudulent happening, I encourage you to look at our website. Go to the links that are available. There is support that you can access. Reach out to our contact centre and take steps to really protect your information. We will obviously continue to monitor this and really look to bring the best controls and environment that we have available to you.

And the last point I just want to touch on is that this question is crucially important to what we need to do as an industry, what we need to do as a community, recognising that cyber criminals are not working in our best interests. Being aware and raising these questions really helps us go forward and take positive, proactive steps to ensure that all member data is secure and that we can look after what we need to do to bring you the best services that we possibly can in achieving members' best financial outcomes.

**13.23 Following the Optus Hack, I discovered that Australian Super offer EXTRA security layers which are powerful, but ONLY if you know they exist and asked for them to be applied to your account. Why has Australian Super not made ALL members aware of these additional protection options?**

The Fund is on high alert in relation to potential suspicious activity. We are monitoring preventative and detective controls protecting personal identifiable information. We have added precautionary steps to our identification

process. There are also several other increased security measures under consideration. In addition, we have reviewed key areas of our data security systems and processes and will continue our ongoing focus and investment into managing cyber risk on behalf of the Fund and its members. Displayed prominently on the home page of our website at the time of writing is more information on cybersecurity for members. For more information, please visit <https://www.australiansuper.com/online-security-tips>

## 14 Governance

### 14.1 Are Blackrock a shareholder in Australian Super and what is the company doing to ensure the fund is not influenced by international investors with political agendas?

No, Blackrock are not shareholders. We're a profit-for-member fund, which means we don't pay profits or dividends to shareholders so the money we make is for members.

### 14.2 Are directors appointed solely on merit or is there a union bias?

Directors are appointed by the Trustee's shareholders – Member Directors are appointed by ACTU Super Shareholding Pty Ltd and Employer Directors are appointed by the Australian Industry Group. The Trustee shareholders jointly appoint Independent Directors. All Director appointments are subject to ratification by the Board. The Fund undertakes an annual evaluation of its performance, including consideration of the Board's performance against its objectives, the skills and culture on the Board and its composition. We also engage an independent third-party expert to conduct an independent assessment of the Board at least every 3 years, with the last review undertaken in the first half of 2022. Based on the most recent review, we believe that the current structure of the Board (including its composition and the number of Directors) is appropriate to help the Fund deliver the best financial outcomes for members.

### 14.3 Do the directors believe it is acceptable for AustralianSuper's members to have no mechanism to appoint or remove directors, despite the fund existing for the benefit of members? What is the board doing to embed governance standards that reflect those of other large organisations in Australia?

### 14.4 How an ordinary member can become a trusty/ board member of AustralianSuper?

In accordance with the Trustee's Constitution, our Board is made up of equal numbers of Directors representing members and employers. Two Independent Directors have also been appointed to the Board, including an Independent Chair.

Our Member and Employer Directors are appointed by the Trustee's shareholders. The shareholders are the Australian Council of Trade Unions (ACTU) (through ACTU Super Shareholding Pty Ltd) and the Australian Industry Group (Ai Group). The ACTU is Australia's peak union body and the Ai Group is Australia's peak employer association. All appointments are subject to board ratification.

The Trustee's Shareholders and the Board recognise that the specialised expertise and knowledge of the shareholders is of significant value to the Board to be used to maximise the interests of the Fund's members. The Shareholders and the Board also believe this expertise and knowledge is integral to maintaining the culture of the Fund to operate in the best interests of members.

The Trustee's Shareholders and the Board recognise the need to have a skilled and experienced Board and Board Committees. It is also recognised that this requires a thorough approach to the selection of Directors so that the skills individual Directors bring can best complement the skills of other Directors to enable the Board or Board Committee to fulfil its duties to act in the best interests of members.

To this end the Board has established Skills Matrices for the Board and Board Committees. The Board, through the People and Culture Committee (PCC), undertakes an annual process of evaluating skill levels, including ensuring necessary core skills have been achieved and are maintained by Board and Committee members, how relevant skills are adequately covered by the Board and Board Committees composition, together with how skill development, maintenance, enhancement and the process for renewal are functioning.

AustralianSuper also recognises the benefits of having a diverse Board. A diverse Board membership will include and make good use of differences in the skills, experience, background and other characteristics of Directors and thereby facilitate consideration of a broader range of opinions in decision-making and enhancing Board performance. The Board adopted a goal to comprise at least 40% of each gender on the Board by 2023. This goal has already been achieved, with the Board currently comprised of 50% female and male Directors.

**14.5 How much does it cost Australian Super to provide intrafund advice each year? What is Australian Super's plan if it even has to pay a fine or civil penalty?**

Are we bound by commercial confidentiality so we are unable to disclose that figure. The Trustee has robust risk management practices in place to manage the risks involved in operating the Fund as well as insurance to protect the Fund, the Trustee and its officers. However, these are not complete solutions. Therefore, the Trustee has also built a separate financial risk reserve, known as the "Trustee Risk Reserve", in order to manage the financial risks associated with its role. The Trustee Risk Reserve may be used to pay for fines and penalties that may be imposed under Commonwealth laws. Details of the Trustee Risk Reserve are made available on the website.

**14.6 Is Australian Super prepared to allow members to vote directly in proportion to their member balances and investment strategy on resolutions from Australian publicly listed corporations at their AGMs when Australian Super purports to represent member interests in voting on those resolutions? This could be set up as an online response poll via member accounts and the results tabulated and allocated in proportion to member responses.**

The Fund supports resolutions that enhance value, promote or require appropriate disclosure, ensure effective board composition and operation, and encourage appropriate pay-for-performance remuneration outcomes. We may consider advice from proxy advisors and external managers, but ultimately make our own decisions based on what we believe will promote long-term company value and investment outcomes for members. You can see how shares are voted, view more about our approach and our Share Voting Approach document on the Stewardship tab via <https://www.australiansuper.com/investments/how-we-invest/esg-management>. Many members have different values, so it's important we consider these preferences in our investment choices. Every two years we survey members to ensure we keep up to date with what's important to them.

**14.7 Is it still wise to have a Beijing office, given the current tension between Australia and China?**

AustralianSuper has a small number of staff in the Beijing office who produce economic research to provide insights on the global economy for the investment team. AustralianSuper has a global workforce and we ensure appropriate measures are taken for the safety and security of our staff, our premises and our data, not only in China but in Australia and our other global offices.

**14.8 Why does it take so long for the AMM minutes to be published?**

Minutes are required to be published within 30 days of the meeting. Minutes should include answers to all questions asked at the AMM. In 2022, AustralianSuper received more than 800 questions to be answered by more than seven departments within the Fund, in addition to business-as-usual activities. Each answer is verified by a second source within the Fund and then reformatted into a document for viewing by members. The Minutes and answers are provided as soon as possible and we appreciate member patience.

**14.9 Why is Australian Super donating to Political Parties**

AustralianSuper does not pay donations to any political party.

**14.10 Why is this AGM only available online? I have used the live in person forum to raise issues that cannot be ignored whereas this format does not permit me to do that. I am not happy about this. Is it because the panel does not want to be challenged? Ian Silk was able to help me with a problem because of something I raised at the live forum.**

The 2022 Annual Member Meeting (AMM) was held online for a few reasons. It is the most equitable way for members around the country to be able to attend; as planning for the AMM starts at the beginning of the year, planning for an online AMM provided greater certainty around changing COVID restrictions and safety. Members are able to ask questions of the Fund at any time through the Contact Us form on the website and we will continue to provide additional opportunities to do so through the AMM.



**14.11 Will communication be a lot better for the future starting now! I am in need of a lot of help to get everything right again.**

We have asked the Contact Centre to assist you directly. In regard to communication, we have sent a number of communications throughout the year including the Member Fund Update as well as significant event notices. To view the list of significant event notices, please go to Reports and then Registers via <https://auth.australiansuper.com/about-us>

**14.12 Why does Australian Super not realize that active pensioners taking an income no longer have a long-term horizon to wait for market recovery, and treat these investors differently to better protect their funds as it's our only income stream in our advanced age? One size does not fit all in investment terms.**

Life expectancy in Australia has grown by more than 30 years in the last century. Living longer means retirement funds have to last longer which is why it's so important that your retirement savings continue to be invested after your working days are over.

We offer a range of retirement investment options with different investment objectives and risk levels to suit individual circumstances and risk preferences. It's important to manage your financial risks by putting in place the right investment strategy for your specific circumstances so if you are unsure, you should seek financial advice.

**14.13 What measures are you taking to support front line workers with accommodation? vis a vis new schemes offered by other super companies who are building accommodation.**

AustralianSuper is pleased to sign the Housing Accord 2022. We agree with government and all parties to the Accord that access to safe, secure and affordable housing is key to the wellbeing of Australians. AustralianSuper has already invested to help address the housing affordability challenge, through our relationship with Assemble Communities. With regards to the Accord, our purpose is to help members achieve their best financial position in retirement and our ambition is for all Australians to live well in retirement. The intent of the Accord is very much aligned to our purpose and ambition. Funds like AustralianSuper can only invest in affordable housing if it delivers for members, and that has always been difficult to achieve at scale. Just because it has been challenging in the past though, doesn't mean we should stop trying to find a solution.

**14.14 Is the technology used to run Australian Super, managed in a Sustainable Circular way? eg. <https://www.linkedin.com/company/sustainable-circular-it/>**

Technology sustainability is of increasing importance to the Fund and we have a technology representative sitting on the Fund's Sustainability and Community Group. We have donated some retired technology to charity and education groups in the past year, and we are currently in active discussions with other charity groups with the aim of donating some retired laptops in 2023.

**14.15 What is Australian Super's Gender Pay Gap and what are you doing to close this?**

AustralianSuper's base pay gap was 16.6% (WGEA compliance report, May 2022) and in the broader Financial and Insurance Services industry the gap is 19% - this is why it remains a key focus area for us.

AustralianSuper is committed to reducing the gender pay gap. We have a target that at least 40% of our governing bodies and our leadership teams are women. At 30 June 2022, we had 50% female representation on our Board, 43% female for our Executive, and 45% female for the Fund's Senior Leadership Team.

The Fund pays superannuation contributions for colleagues that take parental leave for up to two years post their baby's arrival at their full-time equivalent rate – whether they are on paid leave, unpaid leave or return to work on a part time basis. Additionally, AustralianSuper employment arrangements do not include pay secrecy or confidentiality clauses.

**14.16 Clearly misleading to use the 10-year average rate of return on a 40-year working life span when clearly over 20 year period your returns are much lower. This is dishonest because you know you can't sustain the 10-year performance measure over the long term.**

The investment portfolio had a period of strong growth over the past decade. The 20-year period does include the impact of the Global Financial Crisis on returns. The 20 year per annum returns are included in the annual report. A

full history of annual rates of return are available for each option at: <https://www.australiansuper.com/compare-us/our-performance>

**14.17 Can you at least broadcast live, be human and be honest, rather than try and speak in a scripted soft reassuring voice. Loosing credibility AS. Who is advising you? - it's appalling!**

Thank you for your feedback. AustralianSuper does not hire consultants to advise on the AMM. As you may have noticed during the Q&A, the voices and delivery were consistent. They are the natural voices and delivery of our leaders, which we think is the most authentic.

**14.18 Why was the comparison against median and lowest fund instead of the best performing fund**

The investment objective for the Balanced option is the median balanced fund. Investment performance is central to achieving our strategic goals. We will implement investment strategies to maintain our position as a top decile performer versus Australian peers.

**14.19 What strategies do you currently have in place to retain your valuable staff, particularly the investment team?**

AustralianSuper is committed to developing a high-performance workforce in order to deliver on our 2030 Strategy and fulfil our vision to be Australia's leading superannuation fund for members. Attracting and retaining leading talent is central to this objective and is a key priority of the People & Culture team. Over 1,070 colleagues provided feedback to the Fund in our annual colleague survey (94% participation rate), a rise of 204 on last year and including 48 colleagues globally. Ninety-five percent of colleagues confirmed they are proud to work for AustralianSuper and our four key engagement indices were all above Australian and global benchmarks. AustralianSuper operates a collective investment performance payment plan which applies to frontline investment colleagues. The level of variable remuneration is set with reference to levels necessary to recruit and retain colleagues with the relevant skills and experience, and to remuneration levels in the Fund and the relevant market.

**14.20 Do you think China will relax the strict Covid Lockdowns?**

We are here to answer questions related to superannuation.

**14.21 My question is to Paul Schroder the CEO. Paul, thank you for taking my question. It was comforting to hear you speak of "Members First" culture. Please tell me what are you doing about fixing issues with your Teams which handle Member Complaints?**

We would like to understand more about the issues you're experiencing. Please contact us via <https://www.australiansuper.com/contact-us>.

**14.22 Thank you for the great presentation. You spoke a lot about long-term investing but what about over 55's who are getting close to their retirement now.**

Investing during the pension phase of your retirement is an important part of the super journey. Supporting an adequate retirement income can enable Australians to have a dignified retirement. With increasing longevity, many members may need to earn an income from their super for several decades. If you retire at 67, you may be living off your super for over 20 years, so long-term investment strategies are equally important in retirement. To assist with retirement strategies, please see our tools to support members in retirement: <https://www.australiansuper.com/retirement>

**14.23 Thank you for this session and the preceding Q&A sessions this evening. Do you envisage member updates returning to face-to-face? With thanks.**

AustralianSuper will seek to return to in-person member briefings with our Executive in 2023, with the formal Annual Member Meeting online. Announcements related to member briefings will be released in the latter half of 2023.

**14.24 There was a talk of gender balance in the board membership. Now the gender balance has changed in favour of one gender. How are you going to address this , please ?**

Our Board is made up of equal numbers of Directors representing members and employers. Independent Directors may also be appointed. Our Member and Employer Directors are appointed by the Trustee's shareholders. The Trustee of AustralianSuper has approved a Board Diversity Policy which sets out how it will achieve an appropriately diverse Board, including the establishment of measurable objectives for achieving gender diversity. This Policy is consistent with the AustralianSuper's Diversity and Inclusion Strategy for staff which seeks to support the vision of having 'an engaged workforce which consistently delivers high performance'. AustralianSuper recognises the benefits of having a diverse Board. A diverse Board membership will include and make good use of differences in the skills, experience, background and other characteristics of Directors and thereby facilitate consideration of a broader range of opinions in decision-making and enhancing Board performance. The Board has been conscious of the need to increase the number of female Directors on the Board with the initial focus for achieving diversity at Board level being gender based. The Board's target was to achieve at least 40% female Board composition by 2023. At 30 June 2022, the Board had exceeded its gender diversity target with 50% of Directors being female. For more information on the Board, including the Board Skills Matrix, please refer to the How We Work section of the AustralianSuper website via <https://www.australiansuper.com/about-us>

**14.25 What is the total value of sponsorship or other payments to related entities such as unions for FY2021-22? How has this benefitted members?**

Answered by Paul Schroder Chief Executive during the meeting:

'We need to pay Directors and they come from organisations and also, we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.'

For more information, you may refer to the Fund's Financial Statements, located under the Reports tab of <https://www.australiansuper.com/about-us>

**14.26 How much money was given to unions last year. Was not answered.**

Answered by Paul Schroder Chief Executive during the meeting:

'We need to pay Directors and they come from organisations and also, we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.'

For more information, you may refer to the Fund's Financial Statements, located under the Reports tab of <https://www.australiansuper.com/about-us>

**14.27 How much money did Australia Super donate to unions last financial year? Which unions? How much?**

Answered by Paul Schroder Chief Executive during the meeting:

'We need to pay Directors and they come from organisations and also, we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer

associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.'

For more information, you may refer to the Fund's Financial Statements, located under the Reports tab of <https://www.australiansuper.com/about-us>

**14.28 Can you please advise precisely how much money is paid either directly or indirectly to trade unions or organisations, activities, publications, entities or individuals associated in any way what so ever with the aforementioned. Please identify names of all such trade unions or organisations, activities, publications, entities or individuals and the precise amounts paid to them.**

Answered by Paul Schroder Chief Executive during the meeting:

'There are a couple of things where we do make payments, though, because, of course, we need to pay Directors and they come from organisations and also we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.'

For more information, you may refer to the Fund's Financial Statements, located under the Reports tab of <https://www.australiansuper.com/about-us>

**14.29 Should AustralianSuper have more senior positions held by suitably qualified financial degree /post graduate university qualification holders, now that better pool of highly qualified pool of people is available in financial markets ?**

AustralianSuper is committed to developing a high-performance workforce in order to deliver on our 2030 Strategy and fulfil our vision to be Australia's leading superannuation fund for members. Attracting and retaining leading talent is central to this objective and is a key priority of the People & Culture team.

**14.30 In the presentation today each presenter emphasized that Super is a long-term play. What is your message to members who are close to preservation age and only joined Australian Super in the last five years? The returns quoted on the investment options don't match the percentage returns quoted in the presentation. Some members don't have the 20 year plus runway to wait for the promised returns.**

Many people will live a long and healthy life in retirement. Investing during the pension phase of your retirement is an important part of the super journey. With increasing longevity, many members may need to earn an income from their super for several decades. If you retire at 67, you may be living off your super for over 20 years, so long-term investment strategies are equally important in retirement. Supporting an adequate retirement income can enable Australians to have a dignified retirement. To assist with retirement strategies, please see our tools to support members in retirement: <https://www.australiansuper.com/retirement>

**14.31 Is "Choice Income" Aus Super's name for its Account-based Pension account?**

Yes, it is. For more information, please go to <https://www.australiansuper.com/retirement/retirement-income-account>

**14.32 Why do you only compare your performance against the median and poorest performing funds? Why do you NOT compare against the TOP performing fund in each investment options or types of investments?**

The investment objective for the Balanced option is to beat the median balanced fund over the medium to long term. Investment performance is central to achieving our strategic goals. We will implement investment strategies to maintain our position as a top decile performer versus Australian peers.

**14.33 What is Australian Super's Indigenous Participation Plan and what are your thoughts on the Indigenous National Agreement?**

AustralianSuper is currently delivering on commitments under an Innovate Reconciliation Action Plan. Our aim is for all Australians to live well in retirement and our purpose is to help members achieve their best financial position in retirement. We think that the work we undertake as part of our Reconciliation Action Plan supports our aim and our purpose. For more information on the Reconciliation Action Plan, please go to the How we connect section of About Us on our website: <https://www.australiansuper.com/about-us>

**14.34 I would like to know if the Australian Super Board has an Aboriginal person on the board? If not can the Chair please explain why not? I believe the Board should have an Aboriginal representative as a mandatory requirement.**

The AustralianSuper Board does not currently have an Aboriginal or Torres Strait Island Director. We understand your query regarding representation and also understand that the Aboriginal and Torres Strait Islander population is made up of many communities. The Fund has a paid representative on the RAP Working Group and has engaged with Aboriginal and Torres Strait Islander colleagues. Our aim is for all Australians to live well in retirement and our purpose is to help members achieve their best financial position in retirement. We think that the work we undertake as part of our Reconciliation Action Plan supports our aim and our purpose. For more information on the Reconciliation Action Plan, please go to the How we connect section of About Us on our website: <https://www.australiansuper.com/about-us>. We will continue to do our best to improve our engagement and services both within the realm of our Reconciliation Action Plan and as part of our normal business. Our Board is made up of equal numbers of Directors representing members and employers. Independent Directors may also be appointed. Our Member and Employer Directors are appointed by the Trustee's shareholders. The Trustee of AustralianSuper has approved a Board Diversity Policy which sets out how it will achieve an appropriately diverse Board, including the establishment of measurable objectives for achieving gender diversity. This Policy is consistent with the AustralianSuper's Diversity and Inclusion Strategy for staff which seeks to support the vision of having 'an engaged workforce which consistently delivers high performance'. AustralianSuper recognises the benefits of having a diverse Board. A diverse Board membership will include and make good use of differences in the skills, experience, background and other characteristics of Directors and thereby facilitate consideration of a broader range of opinions in decision-making and enhancing Board performance. The Board has been conscious of the need to increase the number of female Directors on the Board with the initial focus for achieving diversity at Board level being gender based. The Board's target was to achieve at least 40% female Board composition by 2023. At 30 June 2022, the Board had exceeded its gender diversity target with 50% of Directors being female. For more information on the Board, including the Board Skills Matrix, please refer to the How We Work section of the AustralianSuper website via <https://www.australiansuper.com/about-us>

**14.35 How are AS investing and supporting indigenous Australians and closing the gap?**

AustralianSuper is currently delivering on commitments under an Innovate Reconciliation Action Plan. Our aim is for all Australians to live well in retirement and our purpose is to help members achieve their best financial position in retirement. We think that the work we undertake as part of our Reconciliation Action Plan supports our aim and our purpose. For more information on the Reconciliation Action Plan, please go to the How we connect section of About Us on our website: <https://www.australiansuper.com/about-us>

**14.36 So in terms of governance of a corporation why not declare a remuneration report?**

The Fund's Remuneration Report can be found in the FY22 Annual Report under the Reports section of our website, via <https://www.australiansuper.com/about-us>



#### **14.37 When and why did Mr Ian Silk leave? Which company is he with now?**

Mr Ian Silk announced his resignation from AustralianSuper on 13 July 2021 and he departed the organisation in September 2021, after 27 years with AustralianSuper and its predecessor Australian Retirement Fund. Mr Silk did not leave to take up a Chief Executive role at but has subsequently joined the Boards of other organisations. Mr Silk's departure is recognised in the FY21 Annual Report, which can be found under the Reports section of our website via <https://www.australiansuper.com/about-us>

#### **14.38 Please explain in detail the reasons why AUST SUPER has 30Mill plus for promotion, marketing, or sponsorship expenditure.**

This category includes a wide range of services commonly required in the normal operation of a business. Expenditure includes design, production and distribution of fund promotional or educational materials, advertising development and media costs, sponsorships and alliance partnership arrangements with strategic peak bodies and organisations. The cost of the production of Fund educational material (provided at no additional cost to members) is included in this category. This expenditure is necessary to grow the Fund. The Fund's size and scale enable access to investment opportunities unavailable which may not be available to smaller funds and helps keep fees as low as possible, ensuring more money can go towards members' retirement.

#### **14.39 Can we get a yearly history for each of Aggregate Expense Category for the past 5 years and the expected 2022/23 financial year?**

This is the first time that the Fund has provided Aggregate expenses, which have only been prepared for FY22. Generally, expenditure is detailed in the Fund's Financial Statements which are available under Reports via <https://www.australiansuper.com/about-us>

#### **14.40 What has been the marketing expenditure for 2020 and 2021 and how does this compare to the latest year? Likewise, what are the net inflows for 2020 and 2021 compared to current year?**

This is the first time that the Fund has provided Aggregate expenses, which have only been prepared for FY22. Generally, expenditure is detailed in the Fund's Financial Statements which are available under Reports via <https://www.australiansuper.com/about-us>

#### **14.41 Australian Super has substantial shareholdings in gaming machine companies and other gambling enterprises. Given the well-established evidence of serious, ongoing harm caused to people and communities by gambling and by poker machines in particular, and with multiple inquiries and lawmaking underway or recently concluded relating to the various harms this industry causes, what is Australian Super's plan to reclaim an ethical position and totally divest from gambling shareholdings?**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

As a responsible and active owner, we believe ESG integration and stewardship helps to drive long-term value in the assets that we own, supporting us to deliver on our purpose for members. With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as gambling. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

Consistent with this, we have been actively engaging with these companies to understand the initiatives they have to ensure high standards of responsible gaming and appropriate governance practices are in place.

Over recent years we have seen significant advances in the technological and education/training-based solutions to some of these issues. Leading companies are also introducing incentives for senior management to ensure that solutions to these issues remain a core focus.

We will continue to actively engage with these companies and ensure they are acting in line with community and investor expectations and can deliver long-term value for members.



**14.42 According to the Guardian, AustralianSuper is significantly invested in gambling. consider removing these investments Are you considering removing these investments as this goes counter to ethical investments.**

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

As a responsible and active owner, we believe ESG integration and stewardship helps to drive long-term value in the assets that we own, supporting us to deliver on our purpose for members. With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as gambling. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

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Over recent years we have seen significant advances in the technological and education/training-based solutions to some of these issues. Leading companies are also introducing incentives for senior management to ensure that solutions to these issues remain a core focus.

We will continue to actively engage with these companies and ensure they are acting in line with community and investor expectations and can deliver long-term value for members.

**14.43 If the Socially Aware investment choice has holdings in companies whose major focus is gambling, as reported in the media, is this not inappropriate given the social harm arising from gambling? And in this same investment choice are there any companies whose major focus is alcohol and/or tobacco products?**

The Socially Aware option currently does not screen to exclude gambling companies.

AustralianSuper's purpose is to help members to achieve their best financial position in retirement. Every investment decision we make is considered through that lens.

As a responsible and active owner, we believe ESG integration and stewardship helps to drive long-term value in the assets that we own, supporting us to deliver on our purpose for members. With the exception of tobacco, we do not apply sector exclusions or screens to particular industries, such as gambling. We apply a best of sector approach, which aims to identify companies which provide the best long-term value creation potential, including strong performance on the management of ESG factors.

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Over recent years we have seen significant advances in the technological and education/training-based solutions to some of these issues. Leading companies are also introducing incentives for senior management to ensure that solutions to these issues remain a core focus.

We will continue to actively engage with these companies and ensure they are acting in line with community and investor expectations and can deliver long-term value for members.

**14.44 Dan Andrews has spoken about bringing back the Victorian SEC. He has suggested that he will involve super funds. Will Australian super consider this venture?**

Our purpose is to help members achieve their best financial position in retirement and our ambition is for all Australians to live well in retirement.

AustralianSuper is committed to delivering strong, sustainable, long-term returns to members. We consider all investment opportunities through this lens. Investments are only made if they have the potential to add value for members.

**14.45 Please explain how the process of "amalgamation" works.**

We would request more information in order to answer this question. Please contact us if you would like to include more detail in the question: <https://www.australiansuper.com/contact-us>

## 15 Fees

The following questions have been grouped together due to their similarity.

- 15.1 A prime reason for increasing fees this year were higher stamp duty fees being paid on investments on infrastructure. Given stamp duty is a one off, who are fees to increase perpetually to cover them? And,**
- 15.2 Apparently on of the fees to Manage Super increased 10% bring the total figure to above 1% to manage. Tax agents are say that 1% is considered high and there is high dependency on international investments. How would you respond to this question? And,**
- 15.3 Can you please provide the rationale for your recent fee increase given the volatile and risky environment and your stated purpose to keep costs at a reasonable level. And,**
- 15.4 How can Aust Super justify the increase in fees given the very poor performance of your in-house investment team? And,**
- 15.5 Why have u been performing so disgracefully yes you continue to collect fee's for losing our money? And,**
- 15.6 How is it that the Fund sees fit to increase fees to members at a time when members account earnings are going severely backwards?**

Investment fees and costs vary from year-to-year depending on our investment activities. In FY22, we invested in several new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This resulted in higher transaction costs, which contributed to higher total investment option fees and costs for FY22 compared to FY21. Over the long term, we believe these investments will make a significant contribution to members' retirement savings. Our administration fees are already amongst the lowest in the industry, including for those members with higher balances. Using ratings agency Chant West's September 2022 survey results for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

- 15.7 For transparency of the fees per fund, will you publish the underlying budget cost details?**

Expenditure and cashflows are detailed in the Fund's Financial Statements which are available under Reports via <https://www.australiansuper.com/about-us>

- 15.8 How your admin cost charged to the members compares with other funds? And,**

- 15.9 With new fee structure, how competitive is Australia Super versus other funds such as Uni Super and Hostplus**

Our administration fees are amongst the lowest in the industry, including for those members with higher balances. Using ratings agency Chant West's September 2022 survey results for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

- 15.10 Is there a roadmap to reduce fees? Noting the recent years fee increases and Aus Super's historical PR on low fees.**

In June we announced changes to our admin fee structure which came into effect in September. As a result of these changes nearly 2.3 million members have a reduced or unchanged administration fee; members with less than \$50,000 in their super account will pay on average almost half the admin fees they did before the changes

and members with a Choice Income pension account will have, on average, a decrease in their administration fee of 25%. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.)

**15.11 Since cost is one of the most significant differences in performance for funds that more or less invest in the same indexed funds, what are you doing to ensure costs remain low? And,**

**15.12 what are you doing to bring fees down to a more competitive level with other super funds? And,**

**15.13 Why Charges keep on increasing, while other super charges are same.**

In June we announced changes to our admin fee structure which came into effect in September. As a result of these changes nearly 2.3 million members have a reduced or unchanged administration fee; members with less than \$50,000 in their super account will pay on average almost half the admin fees they did before the changes and members with a Choice Income pension account will have, on average, a decrease in their administration fee of 25%. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.) Using ratings agency Chant West's September 2022 survey results for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

**15.14 The investment fees increased substantially last year. Do you forecast similar increases this year? It seems the growing size of the Fund is not producing economies of scale. It is a fair assessment?**

Investment fees and costs vary from year-to-year depending on our investment activities. In FY22, we invested in several new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This resulted in higher transaction costs, which contributed to higher total investment option fees and costs for FY22 compared to FY21. Over the long term, we believe these investments will make a significant contribution to members' retirement savings.

**15.15 What will the account keeping fees be for the next period?**

From Sept 2022, your new admin fee for your super account consists of a flat fee of \$1 a week plus an asset-based fee of 0.10% pa of your account balance (capped at \$350 a year).

**15.16 Why am I being charged admin fees ?.what bs excuse is it?**

Your admin fee pays for all the non-investment related costs of running the Fund including the administration of your account, general advice and education resources, member communications, the mobile app, the secure member portal giving you access to investment option switching, along with help from our contact centre over the phone, via email or chat.

**15.17 Why the fees for Balanced fund has gone up 10 points to 0.72 from 0.62? And,**

**15.18 Why the fees still high? And,**

**15.19 Will the fund management fees be reduced in line with the negative returns we have been getting?**

In June we announced changes to our admin fee structure which came into effect in September. As a result of these changes nearly 2.3 million members have a reduced or unchanged administration fee; members with less than \$50,000 in their super account will pay on average almost half the admin fees they did before the changes and members with a Choice Income pension account will have, on average, a decrease in their administration fee of 25%. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.) Using ratings agency Chant West's September 2022 survey results for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

**15.20 Why the final investment fees for the Balanced portfolio increased from 0.63% to 0.73% while the overall performance for FY21-22 was negative ?**

Investment fees and costs vary from year-to-year depending on our investment activities. In FY22, we invested in several new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This resulted in higher transaction costs, which contributed to higher total investment option fees and costs for FY22 compared to FY21. Over the long term, we believe these investments will make a significant contribution to members' retirement savings.

**15.21 With Vanguard launching their Superannuation, will Australian Superannuation be matching Vanguards fees and indexed investment options?**

From September 2022, our administration fees are amongst the lowest in the industry, including for those members with higher balances. Using ratings agency Chant West's September 2022 survey results for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

**15.22 Why has costs increased to 0.7% per annum?**

Investment option fees and costs vary from year to year depending on our investment activities. Key differences between FY21 and FY22 were the level of performance fees and transaction costs. Performance fees were lower in FY22 compared to 2021 and the figure released in September 2022 is an average of the past five financial years. For transaction costs, AustralianSuper invested in a number of new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This increased the level of transaction costs for FY22. Over the long term we believe that these investments will make a significant contribution to members' retirement savings.

**15.23 Do you intend raising fees in the near future S FOR EG BALANCED FUND FROM 0,63% TO 0.73% FOR BALANCED FUND EVEN THOUGH THE MEMBERSHIP INCREASED SIGNIFICANTLY.**

Investment option fees and costs vary from year to year depending on our investment activities. Key differences between FY21 and FY22 were the level of performance fees and transaction costs. Performance fees were lower in FY22 compared to 2021 and the figure released in September 2022 is an average of the past five financial years. For transaction costs, AustralianSuper invested in a number of new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This increased the level of transaction costs for FY22. Over the long term we believe that these investments will make a significant contribution to members' retirement savings.

**15.24 Is AustralianSuper Looking at reducing the Balance fund fee?**

Investment option fees and costs vary from year to year depending on our investment activities. Key differences between FY21 and FY22 were the level of performance fees and transaction costs. Performance fees were lower in FY22 compared to 2021 and the figure released in September 2022 is an average of the past five financial years. For transaction costs, AustralianSuper invested in a number of new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This increased the level of transaction costs for FY22. Over the long term we believe that these investments will make a significant contribution to members' retirement savings.

**15.25 I don't understand when the Australian Super members don't benefit in the forms of dividends or interests, how can I benefit for this membership? though I do have a balance from \$50000, I am sure that I pay for the my contribution and the service account fees as part of big salary of those on the board other relevant expenses. losses investments.**

The crediting rate is a total return calculation that includes income and growth from securities in the portfolio. Therefore, all interest, dividends and capital growth are incorporated in the crediting rate.

**15.26 But investment fees are always much higher than admin fees. Will investment fees be reduced too?**

Investment option fees and costs vary from year to year depending on our investment activities. Key differences between FY21 and FY22 were the level of performance fees and transaction costs. Performance fees were lower in FY22 compared to 2021 and the figure released in September 2022 is an average of the past five financial

years. For transaction costs, AustralianSuper invested in a number of new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This increased the level of transaction costs for FY22. Over the long term we believe that these investments will make a significant contribution to members' retirement savings.

**15.27 You mentioned significant growth in the number of members - can you provide as a percentage the number of members with low balances that result in other members having to carry the costs for these members, especially with the new super rules for people earning <\$450 wk now getting super contributions.**

The change in our administration fee structure in September 2022 saw the fixed part of the administration fee reduce to \$1 a week, less than half the previous fee of \$2.25 a week. The variable part of the fee increased from up to 0.04% to 0.10% of a member's balance, which is capped at \$350 a year for members with super accounts, and \$600 a year for members with a Choice Income pension or Transition to Retirement (TTR) Income account. It's estimated that fewer than 5% of members will pay the maximum capped fees. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.)

**15.28 At what level does the cap in admin fees cut in, so that those with very high balances are not tempted to open a conservative smsf instead. Especially if there are 2 members. An outflow of cash is not great for Australian Super.**

The change in our administration fee structure in September 2022 saw the fixed part of the administration fee reduce to \$1 a week, less than half the previous fee of \$2.25 a week. The variable part of the fee increased from up to 0.04% to 0.10% of a member's balance, which is capped at \$350 a year for members with super accounts, and \$600 a year for members with a Choice Income pension or Transition to Retirement (TTR) Income account. It's estimated that fewer than 5% of members will pay the maximum capped fees. (Based on member balances as at 30 April 2022 and a comparison of the new administration fee from September 2022 and the previous administration fee.)

**15.29 Why is the cost of Australian Super in the top 10% when it's the biggest fund in Australia?**

Using ratings agency Chant West's MySuper September 2022 survey results, for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

**15.30 Received notification investment fee has increased due to change of investment direction. Funds have been invested in several large infrastructure and property projects which incurred upfront costs such as stamp duty. This certainly has affected member returns for 21-22. Why would Australian Super embark in this strategy for the Stable option? Investment Fee on the Stable option has increased significantly.**

Investment option fees and costs have three components: investment fees and costs, performance fees and transaction costs. The increase in the overall fee in the 2021-22 financial year was primarily due to an increase in the transaction costs component.

The stamp duty costs impacted the level of transaction costs. These costs primarily came from the unlisted infrastructure and unlisted property components of the portfolio. The Stable option does have exposure to these asset classes as they provide both long-term growth potential and defensive characteristics. The Stable option's exposure to these asset classes of about 15-20% of the option throughout the 2022 financial year, was relatively similar to the allocation to these asset classes in the Balanced option which ranged from about 17% to 22% throughout the year.

When isolating just the transaction costs component, the increase in transaction costs for both the Stable and Balanced option were similar based on the weight of unlisted infrastructure and unlisted property in the portfolio.



**15.31 Will the very noticeable increase in investment fees in FY22, as announced a few weeks back, be reduced in future years as seasonal or one off in nature ?**

Investment option fees and costs vary from year to year depending on our investment activities. Key differences between FY21 and FY22 were the level of performance fees and transaction costs. Performance fees were lower in FY22 compared to 2021 and the figure released in September 2022 is an average of the past five financial years. For transaction costs, AustralianSuper invested in a number of new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This increased the level of transaction costs for FY22. Over the long term we believe that these investments will make a significant contribution to members' retirement savings.

**15.32 When reporting investment management fees this year, only one of those reduced, one stayed the same, while all others INCREASED. Why did Australian Super clearly attempt to mislead members by saying "some fees have increased"? Does that sort of puff language represent honest and clear communication of the facts?**

Investment fees and costs vary from year-to-year depending on our investment activities. In FY22, we invested in several new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This resulted in higher transaction costs, which contributed to higher total investment option fees and costs for FY22 compared to FY21. Over the long term, we believe these investments will make a significant contribution to members' retirement savings.

**15.33 Investment fees have been increased significantly for 2022. For example, for the Stable option it has increased from 0.38% to 0.55%, a whopping 45% increase! What is the justification for this increase? Stamp duty incurred in purchase of assets is given as an excuse, but this is an one-off expenditure that should have been foreseen and not used as a pretext for increasing annual fees.**

Investment option fees and costs have three components: investment fees and costs, performance fees and transaction costs. The increase in the overall fee in the 2021-22 financial year was primarily due to an increase in the transaction costs component.

The stamp duty costs impacted the level of transaction costs. These costs primarily came from the unlisted infrastructure and unlisted property components of the portfolio. The Stable option does have exposure to these asset classes as they provide both long-term growth potential and defensive characteristics. The Stable option's exposure to these asset classes of about 15-20% of the option throughout the 2022 financial year, was relatively similar to the allocation to these asset classes in the Balanced option which ranged from about 17% to 22% throughout the year.

When isolating just the transaction costs component, the increase in transaction costs for both the Stable and Balanced option were similar based on the weight of unlisted infrastructure and unlisted property in the portfolio.

**15.34 Vanguard are known for shaking up industry fees. How is Australian Super going to respond to their reintroduction into the Australian Market?**

Our administration fees are already amongst the lowest in the industry, including for those members with higher balances. Using ratings agency Chant West's September 2022 survey results, for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

**15.35 Is the increase in management fee for the balance fund permanent or just to cover the recent asset purchasers?**

Investment fees and costs vary from year-to-year depending on our investment activities. In FY22, we invested in several new infrastructure and property assets, which incurred significant upfront costs, such as stamp duty. This resulted in higher transaction costs, which contributed to higher total investment option fees and costs for FY22 compared to FY21. Over the long term, we believe these investments will make a significant contribution to members' retirement savings.



**15.36 With vanguard coming into the market will aust super still be raising fees as previously announced. I cannot see why they had to be raised. If not I would have a serious look at possibly rolling over. I have had investments with vanguard previously with reasonable results. thank you**

Our administration fees are already amongst the lowest in the industry, including for those members with higher balances. Using ratings agency Chant West's September 2022 survey results, for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option, AustralianSuper was ranked 6th out of 60 for administration fees only and 14th out of 60 funds for total fees (which includes admin and investment but not insurance fees).

## 16 Portfolio Holdings Disclosures

**16.1 Breakdown international shares fund with the name of each shares and country, and,**

**16.2 Like too have more detail on breakdown of each fund and their respective assets, and,**

**16.3 What is the level of \$ current investments Aus Super have in the Nth West of Australia- particularly the Ord River region? Plus does Aus Super see further opportunities for Nation building infrastructure projects in Northern Australia.**

You can view the investments we make on members' behalf on our website here.

<https://www.australiansuper.com/investments/what-we-invest-in>

We update this information twice a year – as at 30 June and 31 December

<https://www.australiansuper.com/investments/what-we-invest-in>

**16.4 Do We still hold a large investment in Fortescue metals within our portfolio. and what are the large investments do we hold in our portfolio and is there the ability to get a list in order that we can follow these investments.**

Yes, we still hold Fortescue Metals Group. You can view a comprehensive list of our investments on the website here. They updated twice a year.

**16.5 I have invested 90% of my super invested in international shares. So may I know in which shares you have invested my super.**

You can view the investments we make on members' behalf on our website here.

<https://www.australiansuper.com/investments/what-we-invest-in>

**16.6 Does AusSuper (hence their members) have direct or indirect investments in Qatar (including state bonds etc.) ?**

The portfolio does include equity holdings in Qatar. As at 30 June 2022 the investment exposure was less than 0.01% of the Fund's holdings. As at 30 June 2022, the portfolio did not hold Qatar state bonds.

Investment holdings are available at: <https://www.australiansuper.com/investments/what-we-invest-in>

**16.7 In the what we invest section you only update twice a year, June and December? As of today your website still showing holdings at June 30 2022. the years nearly other why does it still show this?**

Holdings for 31 December 2022 are expected to be updated by 31 March 2023.

**16.8 Details of companies that you invest in the High Growth and Balanced portfolios. These are not readily available on the current login to my account.**

Investment holdings are available at: <https://www.australiansuper.com/investments/what-we-invest-in>

## 17 Member Portal

A number of questions were received on the Member Portal with the following answer from Shawn Blackmore at the AMM.

- 17.1 When is the login fiasco going to be fixed by your IT Department?
- 17.2 As A business why would Australia Super do and upgrade to its computer system during Business hours? Most Business do there upgrades out side those hours
- 17.3 Could you let members know when the problems with the member portal will be fixed and when the functions of changing your pension or requesting a lump sum payment will be online again?
- 17.4 I sent a complaint via email almost a week ago regarding the new portal. I find it not user friendly and cannot easily access daily returns in my 8nvestment like I used to. This important facility should be on the new portal
- 17.5 Why did the new Member Portal go "live" when it is apparent that it was not fit for purpose? Members are experiencing significant problems and the customer service teams are unable to assist. When is this issue going to be finally rectified?
- 17.6 Why is communicating with the fund so difficult, e.g. the recent rehash of the member portal still not functioning correctly?
- 17.7 How long before you have resolved the issue of some members still not being able to log into the website to view their super account since the upgrade of the platform. Someone tried to help me but said there was still a problem and she would get back to me - that was 1 week ago.
- 17.8 there have been significant issues in using the Australian Super website after a recent 'upgrade' eg members direct not being available and I note a posting to the Sydney Morning Herald where a member has been unable to withdraw super online and had to resort to a paper form being submitted. Can you say when the issues will be resolved
- 17.9 could u improve the log out more visible on the portal.
- 17.10 I would like a full explanation of the botched rollout of the new member portal and poor communication of it both before and after. 5 days now with no access to my accounts and same for many other people.
- 17.11 Re Registration for the new online portal: Why weren't 100% of our accounts migrated to the new system ahead of the switchover to the new portal? It's caused a lot of angst in these days of assorted data breaches, etc to continually get a message saying "We can't find your account".
- 17.12 Dear Paul Schroder, Chief Executive. You are the Boss. Please sort out the logon problem with the upgraded web portal
- 17.13 Why is AustralianSuper upgrade for both Computer and Mobile Apps is so slow? I am without access from last week end up to now ( 16 Nov 11.05pm). It was frustrating to me. It was not possible to access customer service by telephone by phone. A personal email to affected customers would have been appreciated by anxious customers like me.

**17.14 Regarding the Portal and App upgrade that adversely affected many customers will the CIO explain why was the upgrade implemented with defects that would affect the customers?**

**17.15 The transition to your new website and access to information on current status of retirement accounts (in particular) is appalling. Inability to log-in is exacerbated by the lack of direct contact with members who have not been able to get back into their accounts and have no other recourse than to keep trying to call your continually overwhelmed call lines which are unattended at weekends. Please increase the number of knowledgeable responders and provide access to them 7 days a week until such time as members such as myself have access to our retirement accounts and are assured of the security of our funds**

**17.16 During the weekend of 12/13 November, it appears that you implemented a system upgrade which didn't go as well as you might have wished. This change appears to have created a significant number of issues, administrative failures and poor performance in delivering customer requirements for withdrawals etc. Call centre wait times were two hours today in order to hear the news that there is an unspecified issue and wrong forms have been made available and requests for payments etc have been mismanaged. What has happened, are the issues fully resolved and why were the issues not communicated openly and clearly to members?**

**17.17 Why have members not heard from AustralianSuper about the issues with the new portal? I have not seen my funds since the old portal was decommissioned - almost 3 weeks. What is the timeline for attending to all of the issues?**

Answered by Shawn Blackmore during the AMM: A couple of years ago we embarked on a project to rebuild the Fund's digital assets. That was the portal - the member portal and the mobile App. And this build was across both the frontend, so the interfaces you interact with; the middle layer, the systems and data that integrates to display and allows you to use the App and member portal; and also, the backend, the environments which host and house the software and hardware that we have. And one of the parts of this project was to move that over to the cloud.

We did this for a few reasons: one, modernisation. The appearance was dated. It was starting to get clunky and a bit too much information available and we were getting a lot of feedback from members about the usability, but also the accessibility. The App wasn't good for visually impaired members or for a lot of members on different sized devices.

We did it also for scalability. When we first launched the member portal 10 years ago, we had a couple of million transactions on it. The last year we've had over 35 million transactions, and we need to make sure that we are ready for the future, where that 35 should double in the next two to three years. We did it for availability, making sure that the Apps were available for members to use, and we were starting to see a degradation in services, where more and more time the Apps and the portal weren't available for members to use and it was taking us longer to get it back up. And, finally, we did it for security. It allowed us to incorporate heightened security measures for today's world.

So, the App and portal were launched just over two weeks ago, and for the most part, members have been able to transact and use them. But whilst we had the best of plans and thorough testing, a few issues emerged since launch. Firstly, login. There was a group of members who experienced login issues of being able to access accounts, and I acknowledge the frustration that would cause. Whilst that's resolved now, that has caused members who experienced that to call the call centre just to make sure everything was alright.

Availability: there's been four or five unplanned outages, and that's where the App and the portal hadn't been able to display the information that you wanted it to when you went to use them. Now, that generally occurred between 7 and 8 in the morning, and whilst that has been resolved, that has been an inconvenience for any members who were trying to use those assets during that time.

Then we've got some features. When we launched the features, they were available but, unfortunately, we've had to take them off to do some fixes for them. Those features included to make a withdrawal online. We've had to put a PDF form in there, which isn't a great user experience. That feature will be put on shortly. But, in the interim, members haven't been able to do that how they previously would have. Adjusting pension payments was also another feature that didn't quite work as expected, and we've had to replace that with a pension PDF form. Now, that will be available in the next week, but again we apologise for the inconvenience.

Downloading a pension schedule or a Centrelink schedule was off for about a week and required us to fix it, and also from Member Direct members, there were a couple of issues in accessing that through both the portal and the App for about a week. Now we've addressed the portal, and a fix for the App should be coming in the foreseeable future.

Now, what I'd like to do is, on behalf of the Fund, apologise to any members that were inconvenienced by this. We didn't set out to have these issues but we've had a good team available 24/7, that when they've been identified, to be able to work and respond, to monitor and address the fixes where required, and we will continue to do that throughout the foreseeable future.

It is really important that this major upgrade is going to assist members for many years to come and allow us to deliver a series of features and functions that wouldn't have been able to be delivered on the old technology.

**17.18 Why are you glossing over the problems with the portal? I am still waiting for my two accounts to be fixed so I can see my account info in the app & on the web. So disappointing & I've lost confidence with the fund.**

We apologise for this experience. We have been working hard on resolving the issues which have a significant impact on a small number of users. If you are still experiencing issues, please contact us via <https://www.australiansuper.com/contact-us/email-us>

## 18 Financial disclosures

**18.1 Can you provide more details on the entities who received any third party payments and the amount of those payments? And,**

**18.2 What is the breakdown please of the Aggregate related party payments?**

Expenditure details are available in the Financial Statements each year, under the Reports tab via <https://www.australiansuper.com/about-us>

The following questions have been grouped together due to their similarity and were answered at the AMM:

**18.3 Did Australian Super make any payments or donations to any political party or union during the year ended June 30,2022? If so, to which party and/or union, and how much? And,**

**18.4 Does AustralianSuper make any contributions to any registered Trade Union and if so, why? And,**

**18.5 Does AustralianSuper make any political donations? And,**

**18.6 Is it true that you financially support the Unions, which in turn support the Labor party and other left wing groups? And,**

**18.7 Please inform the members how much money is given to unions, which unions & why. And,**

**18.8 What %of members contributions goes to trade unions?**

Answered by Chief Executive Paul Schroder during the AMM: First of all, let me say very clearly that we don't make any donations or any political donations or anything of the sort. Super is a multi-generational thing and it's really important for AustralianSuper to be non-party political and to not get involved in one or other point of politics because, if you think about the members of the Fund, across this whole night, many of you will hold a range of political views, and those political views could change over time. So, we're very, very committed to being multi partisan and all of Parliament because if you're a 25-year-old in this Fund, you will probably have 10 or 15 different Federal Treasurers in your life and we need to work closely and well connected with them. So, we don't make political contributions. We don't get involved in party politics and we certainly don't make donations.

There are a couple of things where we do make payments, though, because, of course, we need to pay Directors and they come from organisations and also we have a range of commercial commitments that we have through contractual arrangements at commercial rates with unions and employer associations who help us in encouraging members to join the Fund or to stay with the Fund or indeed to provide guidance and help and advice to members about what they should do with their accounts to build their balances.

So, no, we don't make political or charitable contributions. We don't get involved in party politics. But we do make payments to unions and to employer associations for the purposes of encouraging members to join, staying in the Fund or helping them make good decisions about their balances. And those related party payments are in the financial accounts. Of course, everything we spend needs to be shared with APRA and the regulator, but you can find most of that material at the specific level in the financial accounts.

**18.9 Given the current decline in member accounts how can the Aggregate related party payments \$ value be justified? How can this figure be reduced significantly to give members confidence in the fund?**

Related party payments include investment management costs, promotional and marketing services, directors' fees and Board committee fees, insurance services, financial planning, arrears collection and other member services. Most of these payments are for costs relating to investment management.



**18.10 How can I access or obtain the Annual Report for FY2022 with details of P&L, thank you.**

The Annual Report and Financial Statements are available under the Reports tab of <https://www.australiansuper.com/about-us>

**18.11 How does the promotion, marketing, or sponsorship expenditure help current members? Would this expenditure be better spent on improving the member experience? And,**

**18.12 Why are we spending so much on promotion and marketing? And,**

**18.13 Why are you wasting 39mill + on advertising ect. Cut that budget in half and pay your members.**

This category includes a wide range of services commonly required in the normal operation of a business. Expenditure includes design, production and distribution of fund promotional or educational materials, advertising development and media costs, sponsorships and alliance partnership arrangements with strategic peak bodies and organisations. The cost of the production of Fund educational material (provided at no additional cost to members) is included in this category. This expenditure is necessary to grow the Fund. The Fund's size and scale enable access to investment opportunities which may not be available to smaller funds and helps keep fees as low as possible, ensuring more money can go towards members' retirement.

**18.14 How much did the Australian Super rebranding cost and how much extra income from this was achieved and what tangible financial benefits were achieved for members.**

AustralianSuper released figures on aggregate Promotion, Marketing, and Sponsorship expenditure in the Notice of Meeting, as required, and reports expenditure in the Financial Statements. This expenditure is necessary to grow the Fund. The Fund's size and scale enable access to investment opportunities unavailable which may not be available to smaller funds and helps keep fees as low as possible, ensuring more money can go towards members' retirement.

**18.15 Is Australian Super membership increasing because of TV prime-time advertising or other more targeted means?**

AustralianSuper takes a multi-channel approach to attracting new members.

**18.16 Please explain how Australian Super payments of \$1,041,455 aggregate industrial body payments and \$100,343,455 aggregate related party payments are payments that meet the ATO "sole purpose test" of providing retirement benefits to Australian Super members?**

Industrial bodies are organisations registered under the Fair Work (Registered Organisations) Act 2009. Payments included in this category include directors' fees and alliance partnership arrangements with strategic peak bodies and organisations. These arrangements which may include advertising, marketing and education services and are made on normal commercial terms and contribute to the growth of the Fund. The Fund's size and scale enable access to investment opportunities which may not be available to smaller funds and helps keep fees as low as possible, ensuring more money can go towards members' retirement.

**18.17 Regarding the expenditure summary in the AMM, for the reported expenditure, I request a table or itemised list detailing the following information for all members – Promotion, marketing or sponsorship expenditure: the sum, name and term of each contract the super fund has entered into and the benefit for fund members. Industrial body payments: list of each payment including the name of the body, the sum of each payment and the purpose and benefit for members of each payment. Related party payments: list of each payment including the name of the related party, the sum of each payment and the purpose and benefit for members of each payment.**

Colleagues at AustralianSuper are strong supporters of transparency. Remaining compliant with required disclosures is important to the Fund and the Fund confirms it is in compliance with current requirements. AustralianSuper is committed to helping members understand more about their super and pioneered Annual Member Briefings and comprehensive investment holding disclosure to support that commitment. The Fund has made disclosures on expenditure which can be found on our website via the Reports tab on <https://www.australiansuper.com/about-us>

**18.18 The amounts of money listed in your expenditure summary are frankly breathtaking for a member who has been watching my Super balance drop dramatically since I left work in May. While I understand the concept behind old adage 'if you pay peanuts you get monkeys', and I understand the need for marketing and promotion, but can the Executive and Board explain how this expenditure is justified in the current financial climate?**

Helping you achieve your best financial position in retirement is our purpose and is at the heart of everything we do. Even in retirement, many members will have years of investing ahead of them. While last year was a year of negative returns, the previous year delivered a record high return for AustralianSuper. There were many factors which contributed to the negative result, which the Chief Executive and Chief Investment Officer covered in detail at the AMM and can be viewed in the video recordings or read in the transcripts.

Last year, AustralianSuper launched its 2030 Strategy which is centred on our purpose to help members achieve their best financial position in retirement. Our strategy is in place and in the process of being executed. A key part of this is positioning the Investment Portfolio so we can deliver strong, long-term returns to members.

Using ratings agency Chant West's September 2022 survey results as at 30 September, for a member with \$50,000 invested in the MySuper option which, for AustralianSuper is the Balanced investment option. The Fund's administration fees are now amongst the lowest in the industry, including for members with higher balances.

**18.19 What metrics are applied to measure ROI on expended marketing funds and what are the results versus target? Also, what was the new member count growth versus industry and AUS Super share of trade (member based share)?**

Colleagues at AustralianSuper are strong supporters of transparency. Remaining compliant with required disclosures is important to the Fund and the Fund confirms it is in compliance with current requirements and does not publish ROI measures. For information on industry growth figures, you can refer to the APRA annual fund-level superannuation statistics, available via <https://www.apra.gov.au/annual-fund-level-superannuation-statistics>

## 19 Other

**19.1 I have been asking AustralianSuper for the past three years to also give the option of showing \$A/\$US in the graph view of investment performance. On this page: <https://portal.australiansuper.com/investments-and-performance/retirement-income-performance/investmentsperformancefytd.aspx>. But to no avail yet. When will Australiansuper make this tiny enhancement?**

Given the majority of AustralianSuper members make investment decisions and investment changes in Australia in AUD daily, for simplicity, returns, fees and taxes are all shown in AUD. There is currently no plan to provide the option of showing USD (predominantly due to the fact that the USD changes daily) and could potentially confuse members.

**19.2 Why do Australian Super disrespect 97% of Australians with a racist message when we call the Australian Super helpline? The message says press 1 if you identify as so called 'indigenous' and then offers a sincere welcome to those people, and ONLY those people. Why does AS not welcome all customers, show respect to all customers. My connection to this land is NOT based on my skin colour or identification, it is a feeling and as 7th generation stock, my feeling is just as important to me as any person who identifies as 'indigenous'. AS is racist and divisive, by only recognising 3% of your customers. Why? Will you immediately remove this racist message and instead play an INCLUSIVE message to thank and recognise all Australians? Inclusion means EVERYONE.**

All members receive a welcome when they call AustralianSuper.

**19.3 I have claimed a tax deduction on my super payments being a sole trader, every year since I joined Australian Super. You are now claiming I am unable to claim because its before tax payments. I pay my tax Quartey and am actually due for a comfortable return . I have tried to resolve this on numerous occasions and becoming quite despondent with the total lack of any response from you. There is another disturbing matter with my wife Susanne you sent a letter admitting you made an error and were charging her for TPD which she did not request. She has tried to also resolve this via phone and email to have the funds you removed to be returned into her super account. Again there has been no response from You. We feel some what disappointed with the lack of service m not able to do this for the 2021-2022 year as you state the contributions are pre tax payments.**

As this is a matter specific to your account, we have forwarded your question to our Dispute Resolution team who have responded to you in writing and provided you with information about steps you can take should you not be satisfied with our response.

**19.4 There's a obvious problem with your investment change facility online , it doesn't action changes thus customers changes don't get actioned and customers are losing thousands of dollars in funds , even though it's been brought up with customer service problem is getting ignored , emails don't get answered and problem is pushed under carpet.**

AustralianSuper is not aware of any current or ongoing online investment change difficulty for members across either our desktop member portal or mobile app platforms.

As this is a matter specific to your account, we have forwarded your question to our Dispute Resolution team who have responded to you in writing and provided you with information about steps you can take should you not be satisfied with our response.

**19.5 Why do Australian super not listen to customers when they request their super be put into a higher risk bracket?**

As this is a matter specific to your account, we have forwarded your question to our Dispute Resolution team who have responded to you in writing and provided you with information about steps you can take should you not be satisfied with our response.

**19.6 Why is Australian Super permitting it's insurance arm to treat members like second rate subjects when a claim is in place?**

There have been some challenges in delivering activities in accordance with our expectations due to staffing attrition, continued absences due to seasonal illnesses and difficulties in onboarding qualified staff in a timely manner. This is a known consequence of the pandemic and one that many Australian businesses are currently struggling with. While this has caused some disruption and intermittent impacts to our claims services in 2022, AustralianSuper is committed to providing a claims service that is fair, ethical and transparent for all parties. We are here to guide a member or claimant through a claim as quick as possible within a caring and support environment. If you could please contact us on 1300 300 273 between 8AM and 8PM AEST/AEDT, we will be able to look into your specific insurance claim query.

**19.7 Why is the complaint process so complicated and inefficient? I have complaint about a issue with investment options and a phone consultant said someone will all back. I said will you provide an acknowledgment of the issue via email and timeframe? No we will call you and nothing so far.**

AustralianSuper welcomes feedback and values complaints as these provide the opportunity for us to identify and implement initiatives to improve the experience of our members. We are committed to delivering an efficient and effective complaint handling service that is responsive to the needs and expectations of members and is fair, objective and accountable.

As the matter you have raised is specific to interactions in relation to your account, we have forwarded your question to our Dispute Resolution team who have responded to you in writing and provided you with information about steps you can take should you not be satisfied with our response.

**Personal questions are not able to be answered in the AMM Minutes. AustralianSuper contacts these members directly.**