

# AustralianSuper Annual Member Meeting

## Presentation and Q&A Transcript

Tuesday 21 November, from 6pm

ROSE KERLIN: Good evening and a warm welcome to the AustralianSuper 2023 Annual Member Meeting. I'll begin by acknowledging the Traditional Custodians of the land on which we meet and pay my respects to their Elders past and present and I extend that respect to all Aboriginal and Torres Strait Islander peoples watching this event.

My name is Rose Kerlin. I'm the Chief Member Officer at your Fund and it's my pleasure to be your MC for this event. AustralianSuper has been holding Annual Member Meetings for 18 years. It's just one of the ways in which we work to be transparent and accountable to members.

Before this meeting, we virtually held nine SuperTalks and ran an Information Booth to help members navigate their super journey. More than 80 colleagues volunteered to be on hand to connect with members and provide live guidance and answers, and I hope that those of you who participated found these sessions informative and valuable.

This meeting is important to the Fund for three key reasons. First, we want to share an update on AustralianSuper's activities for the Financial Year 2023. We'll provide an update on the Fund's investment performance and the economic outlook and some of the plans and initiatives we've been delivering to help you achieve your best financial position in retirement. Secondly, we want to hear directly from you. This meeting is a great opportunity for you to ask questions and make suggestions about your Fund. I will let you know how you can do that at the end of the presentations. And, thirdly, we hope that the combination of hearing the Fund update and having your questions answered will leave you feeling more confident about your superannuation and your life in retirement.

We have a quorum of AustralianSuper Directors present this evening, along with our Actuary and our Auditor, Craig Cummins. We aim to have the presentations complete in an hour, followed by a Question and Answer session for up to 45 minutes. You will be able to type a question and we will do our best to answer them all, but please note we will not be able to answer questions about your personal circumstances.

It's important to understand that the information that we're covering today may include general financial advice which does not take into account your personal objectives, financial situation or needs. Before making a decision, consider if the information is right for you.

This is your Fund and it's the Fund run to benefit over 3.2 million Australians. AustralianSuper is a profit for members fund, so we don't pay profits or dividends to shareholders. The money we make is for members, and your best financial interests drive all our decisions.

I'll now introduce Dr Don Russell to provide an update on behalf of the Board. Don joined the AustralianSuper Board as an Independent Director in May 2019 and he was appointed Chair in September of that year. Don is also Deputy Chair of the Centre for Policy Development. His previous roles include Global Investment Strategist at BNY Mellon, Australia's Ambassador in Washington, and Principal Adviser to The Honourable Paul Keating, both during his time as

Treasurer and Prime Minister. Don has an exceptional background in a wide variety of sectors and he brings a deep understanding of finance, superannuation and public policy to the Fund. Welcome, Dr Don Russell.

DR DON RUSSELL: Well, thank you, Rose, and welcome, everyone. And, in particular, I would like to thank you all for taking the time to join with us tonight. We have given some thought to this evening and I hope you find the presentations and then the Question and Answer session informative. If you have any feedback on tonight's proceedings, we would very much like to hear from you.

Before we start, I would like to acknowledge my fellow Directors who are with us tonight. In particular, I would like to welcome Philippa Kelly. Philippa is the Chair of AustralianSuper's Investment Committee. We will hear from Philippa shortly regarding our investment strategy.

For most people, their super is by far the largest financial asset they will ever own. This asset brings with it the prospect of an attractive retirement but because it belongs to you, it is also empowering. It gives people options and flexibility as they make choices through their lives. Today is an opportunity to talk about how AustralianSuper is working to help you make the best of this asset.

In a year marked by both ongoing global challenges and market turbulence, it is easy to lose sight of the fact that it has also been a time of attractive investment opportunities. I am pleased to report that AustralianSuper's robust investment strategy, combined with the experience and capability of the Investment team, has delivered solid returns for members this past financial year. The strategy should also enable the Fund to deliver for members in the future, notwithstanding the complexities of current market circumstances.

Investment performance will be discussed at length later. However, I'd like to note that investment markets do fluctuate and it is important to remember that consistent, strong, long term investment performance is very important in building retirement savings. To this point, as of 30 June this year, the Balanced investment option has delivered an average return of 9.28% a year since the Fund started over 35 years ago. I can also report that AustralianSuper has grown significantly this past year. We now manage around \$300 billion of retirement savings on behalf of more than three million members. We remain the largest superannuation fund in Australia and are now the 18th largest pension fund globally.

Ongoing sustainable growth remains a strategic priority for the Fund as our size enables us to leverage efficiencies and opportunities to generate long term value for members. In a world where super funds face changing investment markets, a changing competitive environment, changing member and society expectations and the changing nature of work and retirement, the Board has been particularly focused on ensuring AustralianSuper is well prepared to adapt and succeed.

Our strategic focus is on the next growth horizon for AustralianSuper. We are not committed to growth for growth's sake. If we are to get bigger, it must be because we believe that is the best way to deliver for our members. What we are committed to is relentless scrutiny of all aspects of our approach. Are the things that got us to where we are today still going to be the drivers of success for the period beyond 2030? Are we delivering for members as efficiently and effectively as we could? Although AustralianSuper started 35 years ago as one of the first super funds, we know that a member who joins us at 18 may be relying on us for more than 70 years. We are

acutely aware that our strategy and how we implement it not only has to be best in class now but best in class for the entire time that members are with the Fund.

Ensuring we are ready to support members in retirement has been a key focus of the Board. Of AustralianSuper's current three million members, we estimate that between now and 2030, around 900,000 of them will be retired, partly retired or approaching retirement. The Superannuation Guarantee, which ushered in universal super, started in July 1992. The SG was designed to build on the age pension and help Australians lead their best possible lives in retirement. As the system matures and more people move into retirement, super will become a major source of income and wealth for people. There will be a greater focus on how prepared super funds are to manage the shift from members saving during their working lives to spending their super when in retirement.

As the retirement phase of the superannuation system is further developed, AustralianSuper will continue to advocate for our members to ensure that superannuation does deliver and that our members do find retirement a time of great opportunity and personal satisfaction.

And, finally, I'd like to touch on another key focus of the Board, and that is culture and performance. Culture underpins everything. Long term success cannot be achieved without the right culture, the right skills and how we organise ourselves. The Board is committed to ensuring AustralianSuper has a culture that aligns with our strategic goals, is performance based, supports effective decision making and delivers for members.

Last year, the Fund introduced a Members First Culture program and I'm pleased to say the results from this program showed that the Members First Culture is deeply embedded in the organisation.

I would like to acknowledge Paul Schroder, who is now starting his third year as Chief Executive. Paul is proving to be the inspired leader that the Fund needs to deal with the challenges of our times. I would also like to acknowledge the entire AustralianSuper team and the role they have played in delivering the Fund's progress and achievements last year. Thank you for being a member of AustralianSuper and I look forward to answering any questions you may have.

ROSE KERLIN: Thank you, Don, for those opening remarks on the focus of the Board. Our next speaker is the Chief Executive of AustralianSuper, Paul Schroder. Paul is responsible for the overall leadership and strategic direction of the Fund. He has been with the Fund for 16 years in multiple Executive roles, including as the Chief Risk Officer. To provide an overview of what the Fund has been delivering for you for the 12 months to 30 June and the focus for the future, welcome Paul Schroder.

PAUL SCHRODER: Good evening, everybody. And thanks for being here this evening to hear about one of your most important assets your super and how it's being managed. It's absolutely fantastic to be back here with you again this year. I might say that if you were here last year, you'll remember that the presentations were prerecorded and we got a bit of feedback that maybe they were a bit stilted and it might be better to do these live. You'll forgive me if doing it live is a little more risky but we're going to do our best to cover the issues that we wanted to cover off.

I wanted to add my acknowledgment to First Nations people and draw your attention to the fact that First Nations people on average have a shorter life expectancy than non Aboriginal and Torres Strait Islander peoples, they have less well paid jobs, they have more disrupted work

patterns and, as a consequence, have lower super balances, and that affects their financial position in retirement. Why do I raise that? I raise that because we claim and want to be AustralianSuper, a fund for all Australians, and it's important that we think about those Australians who have been here for 65,000 years and acknowledge that super is not yet super for them.

Tonight I'd like to talk about the things I feel most passionate about – returns, fees and the net benefit to you because if we can help you save more and earn more and protect those assets better, then you'll have more money to live in retirement. I also want to talk about the things that we've done well this year and the things we haven't got right. This is your meeting and my hope is that I can talk to you about a couple of things that we haven't got right that are bothering us and we've got a plan to fix but I want to bring that to this meeting as well tonight. We'll talk about member services, we'll talk about the 2030 strategy and then I want to mention a little bit about government policy and how we think about it, especially through the lens that it's our job to make you the most risk adjusted money for your retirement.

Let me just start by recognising that financially this has been a very challenging year, and for many people, that challenge continues. There's global conflicts in the Middle East, in Ukraine, in Darfur; geopolitical tensions; concerns about housing, health care, the economic outlook generally; and there's just a sense of anxiety amongst people about the future. But please be reassured that our experienced global team of investment professionals are actively investing your retirement savings with the singular focus – no matter all those ups and downs, no matter all those threats and opportunities – the single focus: to build you the strongest long term returns. And both Philippa, as the Chair of the Committee, and Mark, as your Chief Investment Officer, will talk more about that shortly.

I'd like to start by talking about ESG, Environmental Social Governance, and how we manage that and think about stewardship. It's a topic that gets a fair conversation but often when I say, "Do you want to talk about ESG?", people go, "What is ESG?". I thought I'll talk about it a little bit tonight. We think broadly about the risks and the opportunities when investing and, as I've said before, investing is always about the future, so it's really important that you manage Environmental, Social and Governance considerations, and the reason it's important, not for any feel good reason – the reason is it makes more money. Our belief is that companies that have good ESG management provide better long term returns. AustralianSuper considers a range of ESG issues. Of course, we can't account for everything but we do strive to account for the big things that could affect your returns.

Now, I told you this is live so I'm going to have to press my own slides and see how we go. There we go. When we think about climate change, we consider it to be one of the most significant investment issues. Climate change will impact economies, it will impact industries, it will impact society and it will, of course, impact the environment and also the work forces and the communities. We have to think about all of that. We're very alert to climate change presenting both risks and opportunities for the companies and assets that are in your investment portfolio.

I'm pleased to say that in 2020 the Fund made a commitment to a NetZero carbon emissions portfolio by 2050, thinking about Scope 1 and Scope 2 emissions. So NetZero, can we get there? Yes, we can get there. Is it necessary we get there? Yes, it's necessary we get there. But it won't be linear. There will be ups and downs and it will depend on many, many participants, especially policy makers, setting clear frameworks, and the companies that we all invest in on your behalf making clear plans and delivering on their NetZero commitments. Of course we engage with

both policy makers and companies on your behalf and I'm really alert to the fact that there's vexed and different opinions about investing and divesting and how to manage climate change risk, and not everyone will agree with our approach, but this is what we want to do and we plan to do and we always endeavour to do on your behalf: it's to be thoughtful, prudent and careful so that we can help you achieve your best risk adjusted returns.

Our ESG Stewardship program, as it relates to climate change, varies by asset class and doesn't apply to all asset classes, but as we approach it, we think of it like this: we integrate climate change considerations into our investment process. We measure and track emission profiles for companies in a range of asset classes and portfolios. We engage actively with those larger emitters in most of our internally managed portfolios and we collaborate with other investors globally to effect change. We vote on climate change related resolutions and we support those that we believe will create shareholder value and those that will lead to improved disclosure so you can know more about what's going on as it relates to climate change.

AustralianSuper is looking for companies to have credible plans that are credibly implemented and that are consistent with a NetZero future. As a major shareholder and Don has just spoken about size and scale that gives your Fund, AustralianSuper, access and opportunity to influence the debate. And I'm pleased to say that the carbon intensity of the investments in the Australian and the International Shares asset class has reduced by 45% between 2013 and 2021. It's an important investing issue, it's an urgent investing issue and we will always see it through the prism of making you the most risk adjusted money for your retirement. We'll keep tracking the level of emissions in the investment portfolio and we'll keep working towards that NetZero goal.

I want to talk a little bit about investment returns and give you some examples to show you how important being in a better performing fund is. A little bit about the Balanced investment option. Most members are invested here in the Balanced option, and I'm hoping I click the right button and on your slide you'll be able to see the Balanced option slide. It delivered a solid 8.22% for members in the accumulation stage and 9.03% for Choice Income pension members, mostly because of the differences in the tax treatment.

Now, you'll hear more from Mark and Philippa but we do expect weaker economic growth in the short to medium term and continued volatility in investment markets, and so we're likely to see modest returns over the next few years. But highs and lows are expected over a long period of investment and what matters is relative long term outperformance and compound interest. If we can help you save more and earn more and protect those assets better, then you'll have more money to spend in retirement, usually in conjunction with the age pension.

The Balanced option has returned an average of 8.6% over the last 10 years, 8.12% over the last 20 years and 9.28% since the Fund started 35 years ago. Those numbers they're big and important numbers, but sometimes in the detail it doesn't sound as significant. I thought I would talk about the AustralianSuper option relative to other funds. The Balanced option let me see if I've pressed the right button; there we are this is a list of the 50 major super funds. Last financial year, AustralianSuper outperformed the poorest performing fund by 4% but we were below the median fund. Now, that's a rare position for us and it's not a position we want to be in. But the focus needs to be on the long term. The portfolio is positioned defensively, reflecting our expectation of a global slowdown. Mark and his team continue to review and adjust the portfolio in response to changing economic and market conditions, and Mark will talk a bit more about that in his presentation.



Now, I said long term matters. Of course it does. Over the 10 year period, the Balanced option outperformed the poorest performing fund by [Editor's note: an average of] 3%. That's each and every year. It outperformed the median performing fund ahead by an average of 1% each of those years. Now, some people intuitively understand percentages and some people don't. But if I could just explain in dollar terms what that means because members each of you will be invested for a long time and will be in retirement for a long time as well, and that difference I've just described can make an enormous difference over time.

Just to take it away from sort of Finance Industry 101, let's just think about three people: your neighbour, your son and somebody he went to school with. Three people. They earn exactly the same wage. They have exactly the same amount of super at the start of being contributed. And in all other respects, they're exactly the same, except for the choice of super fund. Let's put one of them, the poor person, in the poorest performing fund. Let's put one in the median fund and median just means 50% of funds performed better and 50% performed worse and let's put one in AustralianSuper. Let's assume an income of \$79,000 a year, noting that's a good salary. Let's assume they're in the work force for 40 years, noting that many people have interrupted work to care for children and care for elderly people or might be unemployed. There's other reasons. But let's assume 40 years for the sake of comparison. And then let's use the 10 year average annual returns for the poorest performing fund, the median fund and AustralianSuper.

That poorest performing fund, 10 year average returns projected over 40 years, and that member in that fund with everything else exactly the same has \$460,000 in their account. Let's choose the median fund. That is the fund where 50% perform better and 50% perform worse, 10 year average, over all the assumptions I just described, and that member has \$666,000 in their account. Don't forget, nothing else is different. Same pay, same super, everything else. They just happened to be put or chose that median fund. Now, if they happened to be put or chose AustralianSuper with all the same conditions, they'd have \$897,000 in their balance.

Now, just have a look at the difference of that. Look at those. 1.3% difference in investment returns in the median versus AustralianSuper fund, a difference of \$231,000. 2.95% the difference between the poorest performing fund and AustralianSuper, a difference of \$437,000 using those 10 year numbers. Now, of course, people earn more or less, whether they've got interrupted work or not. I told a very similar story once in a Western Australian Member Meeting and somebody bailed me up afterwards and say, "Well, that's not me. I can't be that", and that's true too. Everybody starts in their own place. But if you use the assumptions I just used, that's the difference. And we can't predict 40 years of returns, and you would have heard the disclaimer that past performance is not an indicator of future performance, but this is a clear demonstration that being with a top performing fund will help you achieve a better financial position in retirement, and that's what we're focused on. We have a history of delivering market leading returns over the long term.

That's one part of the picture. Can we make you more money? Well, that's all we think about all day every day: can we make you more risk adjusted money? But the other side is: can we harness the scale to delivery efficiencies and drive down costs? And I'm glad to say that we are able to do that and we have been able to do that and we have been doing that for you.

Let me just take you to fees. You'll see on this slide, if I click correctly, that 2.3 million members have ended up with the same or a lower admin fee because we changed the administration fee arrangements. Now, don't forget that's at a time of rampant inflation. The fee has stayed the same or come down. You'll see that the Fund's administration fees are amongst the lowest in the

industry. We've also delivered a reduction in insurance costs. Almost 1.3 million people are insured members of this Fund. On average, their reduction in premiums has been 11%, and that's the second year in a row of reductions. Investment performance is vitally important. If you can use size and scale to bring costs down, also tremendously important, and we've been able to do that for admin fees and we've been able to do that for insurance premiums for two years in a row, and investment costs are down as well. Put those together – make more money, costs less money that's the net benefit to you. Your net benefit is the investment return, less admin fees, less investment fees, less costs, transactions and costs and taxes, and that's why we bring size and scale and skill to the task to try and deliver you more value here than you could create for yourself and more value here than if we didn't bring that size and scale and skill to the task.

I want to just give you one more example about how net benefit matters and I've deliberately chosen a slide here about people in retirement because more often than not, the people who join this meeting are older and richer and closer to retirement. I've used this slide here. Now, if you have a look at this, this shows that for a member who retired 10 years ago and had a starting balance of \$300,000 in an Australian[Super] Choice Income account and withdrew \$22,200, or 6% of their balance, each year over each of those years as regular income, their balance would have grown to \$411,000. Now, I don't know if you find that a shock. I do. I had \$300,000 10 years ago. I took out 6% every year since then. I paid myself an income of \$22,200 and I've got more money than I had back then because of compound investment performance. And if you look at the table, if you can see it in front of you, that's \$38,000 higher than the average fund and almost \$90,000 higher than the retail fund average and, if you can see, because it's a percentage expressed as a proportion of your overall balance, the AustralianSuper member is also taking more income out, \$22,200, versus \$19,600 for the average retail fund. So net benefit matters. Being able to make more money and cost less money means you have more money in your pocket, which is what we are here to do and, in this case, to that retiree, even when they're taking an income, they've still got more money at the end of that process. And if this doesn't apply to you and you're not yet in retirement, well, the longer you're in a super fund that delivers better performance and lower fees, the more money you will have when you come to retire.

Have a look at this slide. I'm not going to read all of these numbers. They're pretty overwhelming. 514,000 new members, 25 million hits to the website. But our aim in all of these interactions and connections is to make it easier, make it simpler, for you to manage your super to get the right help and information and guidance that you need.

I want to talk about three of those. One is we've spent a lot of time, a lot of money and a lot of effort building a secure member portal and app. In November last year, the portal was upgraded, improved. Functionality was increased. It's easier to use and it's much easier for you to access and manage your account, now noting the transition was difficult because this is a big investment there, but what it can do now is materially better than what it used to be able to do. And the mobile app was also upgraded with more secure access to your account and an ability to help you keep track of your super. I like to think about super in your pocket when you think about the app.

A key way that I think we can help you is to provide you information in different ways, to help you understand what you've got in your account, how it's working and for you to have the best information.

I'll talk a little bit about insurance. It can be a very important part of people's financial future, and buying insurance through super is good in a cashflow sense, good in a tax effectiveness sense

and, because we buy as a group, can be a really effective way to buy insurance. Throughout the last financial year we decreased the cost of insurance, as I said. We've continued to help members through our return to work rehab type of program and we paid out more than \$491 million in insurance benefits to members and to their families. We've also made material changes to the way we manage insurance claims, and a big slab of the assessment process is now managed directly by TAL and we've seen improved comms, speed up our claims administration assessment process and more members doing more things as a result of that process.

I'd like to talk about being your trustworthy guide in providing information and help and advice. We've expanded education services. More webinars, more seminars. We've assisted 18,000 members seeking advice from the simplest of transactional advice all the way through to complex and comprehensive advice. That's all of the good news that I wanted to share size, scale, skill, performance, long term performance, fees down, services up, education, seminars, app, portal. But I don't want to just stand in front of you and say, "Oh, everything's perfect, everything's rosy" because there are things that are not as we wanted them and they've caused us heartache on your behalf and I want to talk about two of them.

One of them you might have heard being advertised it might have been in the paper, you might have seen it around, and that's this issue of multiple accounts. There are rules about what super funds have to do to minimise the number of multiple accounts because many, many Australians have too many accounts. We've, of course, been merging accounts and transferring balances to the ATO and we thought we were doing the right thing but when we examined our processes, just straight out we realised there were things that we should have been doing that we weren't and we didn't cover all instances of multiple member accounts. It shouldn't have happened. It goes to the core of who we are. We're trying to make you money. We're trying to look after your interests. We didn't take those steps, and so for that I unreservedly apologise on behalf of the organisation.

On the slightly upside, I'm glad to say we were the ones who identified the problem, we reported ourselves to the regulator and we've been working to fix all of those problems. We've contacted nearly 100,000 people who are either current or former members. We've taken the path to do our very best to put them back in the financial position they would have been in had they not had the extra account, in terms of earnings and other things like that. And we've improved our processes. But it's embarrassing and it's actually a bit humiliating because it's not who we want to be and it's not who we strive to be. ASIC has commenced civic proceedings against the Fund and we expect they'll be seeking a civic penalty in the Federal Court, but the size of that and the timing of that penalty is not yet known. We, of course, are cooperating with ASIC. We want to do exactly the right thing by the regulator. But we got those steps wrong. We found it. We have fixed it. But I just wanted to be really clear that it went wrong, it's not how we wanted it to be. We've been working very hard to rectify it as quickly as possible and to put all those members back to the position they should have been in.

I also want to talk about death claims. When a member of anyone's family dies, it's a very traumatic time and the last thing you want is for any trauma coming from your super fund to access [their] balance because many people have insurance and they have a claim when a death occurs. Sometimes we have to pay it to the spouse or a family member or the estate or other dependants. But we've been too slow with some of those death claims. And we don't want to be part of the problem. We want to be part of the solution. I understand fully how traumatic that can be if it's been difficult to deal with us and that we fell behind and we weren't processing



things as fast as we wanted to. We have a process to follow to make sure we pay the right money to the right people. I don't want to suggest it's easy because it can take months who's entitled. Some of you might have experienced family contest about these things. There's all sorts of human complexity but we shouldn't be part of the problem.

At the moment we're managing about 5,000 claims and some of them were made more than a year ago. That's just not good enough. We've made changes to help the team process claims more quickly. We've doubled the size of the team and we're managing those claims really hard. We've improved training and support. We've introduced new technology. We've sent a group of highly qualified lawyers in to help get things moving as quickly as possible. I'm glad to say that we've finalised 25% of those outstanding claims that were made over a year ago and we expect a great many more claims to be resolved in the coming weeks. This is a terribly important matter to me. As one member said, "Every time I ring you, I have to remember that my husband died". We don't want to be part of the problem. We want to be part of helping people get on with their lives as soon as possible. We are fixing it. We have seen improvements. The number of outstanding claims is reducing but we're not there yet, and I'm going to keep the focus on this utterly until it's fully fixed.

Can I talk about the future a little bit and give you a quick strategy update. This describes the 2030 strategy and I want to talk to you about a few parts of this. We seek in the way Don described to achieve strong member growth and strong asset growth. That allows you to there's [Editor's note: an average of] 1,400 people joining the Fund every day. As we're large, as we've got a strong cashflow, as we're an important global investor on your behalf, we're able to get a better position on costs, as I explained before, and lower fixed costs per members; we're able to buy assets on your behalf that others with less scale couldn't access, or to hold them at different times in the market that other people might not be able to hold them. It allows us to attract talent and deliver the performance I've just talked to you about, so keeping costs down, improving performance, buying more assets and speaking up for people. It means you've got an office in London and New York which gives you incredible access to deep liquidity pools and much better capital market transactions but also buy some really great assets King's Cross, Canada Water, data centres in Europe. These are big investments that will underpin your long term earnings at a lower cost, and it's much easier to do that on the ground when you know the asset and you can engage with it because I don't mean to be insulting in any way to Australia, but if you're in Australia, you're a long way away from Europe and the US, and so it's very important that we've got deep, highly talented teams in those markets to represent you and to buy assets at good prices, manage those assets well and dispose of them at the right prices and at the right times.

Another important part of the strategy is about retirement. That's what it's all about. There's 3.2 million members in the Fund at different stages of their working life but between now and 2030, about 900,000 people will either be retired, partly retired or approaching retirement. That's a lot of people. And we look at that and we think, gee, it's not that easy to step into retirement. There's a lot of administration and clerical annoyance, and we just want to be able to help you enjoy both your transition to retirement and your life in retirement, so that's going to require us to refocus and think about that and build products and services that you'll need. You'll be older, you'll be looking forward to retirement and you'll be wanting different things from us. It also means that we're advocating for the Government to just try and make sure that the Government thinks about the age pension and your super and all the other things aged care and your home just to try to make it easier for people to make the transition from saving in the super fund into

retirement. And then on the member service front, we want to be able to provide help, guidance, advice. I want us to be brutally transparent – the good, the bad and the ugly – and to help you make good decisions for yourself.

We want you to feel confident about your retirement and about your Fund, and I just want to mention about insurance claims a bit too. We think there's a fair bit of digital help we can provide, including being able to provide the opportunity for you to track the applications and where things are up to online, and we think that will help with people's confidence and it will free up time and allow you to get on with the rest of your life.

I mentioned data too. It's very important. There's 4,600 people registered for this event tonight. 74 of you are called 'Chris'. Welcome all the people called 'Chris' and everybody else. You, those 'Chris's, the 74 'Chris's, join 39,606 'Chris's in the Fund overall. 5,800 of them are under 30. 9,915 of them are over 50 with over \$50,000 in their balance. And 411 'Chris's live outside Australia. Now, why do I mention that? I mention it for two reasons. Well, one, data matters – who's here, what do you need from us? And the second is no matter how big the Fund gets, no matter how many members there are, super is always personal.

I'd like to talk just very quickly, because I can see from the screen that I'm 8 minutes and 40 seconds over, about government policy. Government's working on the objectives of super. It's a great objective. We're very supportive of it. But I did want to specifically mention that sometimes governments of all persuasions, of all politics, State and Federal, try to see super fund things they want done. Now, we take the view that we should only invest in things that can make you the appropriate risk related return, a risk adjusted return. We're happy and we're committed to being creative and imaginative about what we invest in on your behalf. We're happy to engage with State and Federal Governments and be constructive but we will not participate in something where the outcome doesn't stack up for you. We will not.

Thanks for attending this evening and for joining us. Thanks for being members of the Fund and for the trust you place into it. I hope you've got something from what I've been able to share the good and those things that were not so good – and along with the rest of the panel, I'm really looking forward to taking questions about any topic you want to raise. Thanks.

ROSE KERLIN: Thank you, Paul, for those insights into how the Fund has been continuing to harness our scale and skill to deliver great outcomes for members.

It's now my pleasure to introduce the Chair of the Investment Committee, Philippa Kelly, to provide an investment overview. Philippa is an Independent Director on the Board with significant experience in senior roles that span law, investment banking and the property industry. In addition to her Board positions, she is a former Deputy Chancellor at Deakin University and Chair of its Finance and Business Committee. We are fortunate to have her breath of knowledge and experience at both the Board and our Investment Committee.

Following Philippa's address, Mark Delaney, AustralianSuper's Chief Investment Officer and Deputy Chief Executive, will provide a detailed look at last financial year's investment performance, as well as the investment outlook and the strategy going forward. So let's welcome Philippa Kelly.

PHILIPPA KELLY: Thank you, Rose, and hello, everyone. It's an absolute pleasure to speak to you this evening and thank you for joining us. As mentioned, I'm Philippa Kelly and Chair of the AustralianSuper Investment Committee. Tonight I want to talk to you about how we're

progressing our long term investment strategy, which has been mentioned a number of times already, the purpose of which has been designed to help you as members achieve your best financial position in retirement. But looking back over the past year, it's been a challenging time for investment markets. In an environment of high inflation and rising interest rates, unexpectedly perhaps we've seen a strong rebound in global equity markets that were driven by gains in technology stocks. However, through the volatility, we've continued to actively manage the portfolio and strengthen our global investment capabilities.

But we know that it's also been a challenging time for many members, with rising living costs, including higher mortgage payments, energy bills, groceries and fuel, and so it's against that backdrop that we've actually been very pleased to deliver solid investment returns this past financial year. For the 12 months to 30 June 2023, the Balanced investment option returned 8.22% for Accumulation accounts and just over 9% for Choice Income accounts. Mark Delaney, our Chief Investment Officer, will go into more detail about the Fund's investment performance shortly.

But tonight I want to focus on our long term strategy, as super is a long term investment, and why we've chosen that as the strategy that will give you the best outcome for your retirement. Some members may have their super invested for up to 60 years and even those in retirement may continue to be invested with us for decades. That's why we've built our investment strategy to deliver returns over longer time frames. By way of example, the Balanced investment option has delivered an average annual return of 8.6% over the last 10 years to 30 June 2023.

As you can see on the slide beside me, our investment strategy is built on three pillars: building a global operating platform, expanding our in house Investment team and managing more of the portfolio internally, and then growing our investments in unlisted or private market assets. I'll touch on each of these three pillars. The first is building our team in key financial markets and, as has already been noted by Paul, this means being on the ground in the markets where we invest. Our offices in London, New York and Beijing have now grown to over 100 colleagues and we estimate that they'll grow to over 300 people in the next few years.

This investing globally and managing locally is central to our strategy because we believe having local expertise in the markets where we invest, being closer to the assets we invest in, both of those things will deliver better performance over the long term. We've recently hired Mark Hargraves as the Head of Global Equities. Mark is based in London and we see this appointment as key to our future growth, both for the global investment team, and he will build that team out across the London office, which is a key financial market.

Our second pillar focuses on building in house management capability. By managing more of the portfolio internally, we aim to both lower investment costs and deliver better investment performance, and this is through on the ground access to new deals and faster and more effective decision making as we're making it ourselves in house.

But this doesn't happen overnight and we've built this internal investment capability over time. It's a great achievement that our Australian Equities team has recently celebrated 10 years of their internal managed strategy. This team manages over \$65 billion and is the largest actively managed Australian equities portfolio.

Our third and final pillar is increasing the Fund's exposure to private market assets. So the size and scale of being Australia's largest super fund and one of the largest pension funds in the world enables us to leverage our competitive advantages and focus on the long term investment

horizon that we're describing this evening. As an example, we recently invested \$2.5 billion Australian in Vantage Data Centers. This is a significant investment not only in data centres but also our largest infrastructure deal in Europe to date. It complements our existing digital investments elsewhere and such as our holding in Indara, one of the largest tower networks in Australia.

I hope this overview gives you a little bit clearer picture but also more detail on why we've adopted the long term investment strategy and gives you insight on how we're investing to help grow and protect your super.

Before I close, I want to thank the AustralianSuper Investment Committee and the entire investment team under the leadership of Mark Delaney for their hard work through a challenging period in investment markets. But, most importantly, I want to thank you, AustralianSuper members, for continuing to place your trust in us to help you achieve your best financial position in your retirement. I'll now pass to Mark to discuss performance, the portfolio and what we're seeing in the market today.

MARK DELANEY: Hi, everybody. It's great to be here. As I often say, these Member Briefings are the most exciting days in my year and it's a chance to talk to you about what we're doing with your money. Thank you for listening in and we hope the presentation is informative.

I'm the Chief Investment Officer and the Deputy Chief Executive of AustralianSuper and I'm the one responsible for overseeing how your money is invested. I'll be discussing investment performance, how we manage the portfolio and our long term investment strategy and outlook.

But before we get there, I don't know how each of you are feeling but the last three or four years has been particularly volatile in investment markets. We've had COVID, we've had the inflation, we've had the sharemarkets going up, we've had the sharemarkets going down, we've had the US China tension, a change of government in Australia. All these things have had a really big impact upon things. If you're feeling bounced around about how things are going, that's quite normal. When we run through the presentation, you'll see that the returns over the last three or four years have reflected that volatility in the environment. It has been a very volatile period, it has impacted upon how your returns have gone, and so if you're feeling stressed, that's OK.

But history tells us that how you manage the portfolio through the volatile periods, and in particular keeping your focus on the long term, is the key to really building retirement savings. Sticking to your strategy, not being bounced around by the markets as they go up and down and the headlines come one way or the other, really is the key to building retirement savings.

There's been lots of talk about returns and I'll talk about them a bit more because I love them. One year returns 8.22% for the Balanced Plan. 10 year returns 8.6%. 20 year returns 8.12%. It's a pretty solid outcome across all horizons. If you look at the retirement option, Choice Income, which is for the Balanced Plan, the returns were a bit higher, reflecting the fact that we pay no tax. Again still really good long run returns of 8% plus.

Let's unpick this for the non Balanced options. There's two bars here. There's the black and the red. Focus on the red bar, which is the one year returns. Sorry, there's black and the red. Focus on the red, which is the one year returns for the Super or the accumulation option. The Choice Income is the retirement option in the black, and that's got the lower taxation benefit. What you see out of this graph which is most important is that the equity orientated portfolios High Growth, Balanced and Indexed Diversified, and to some extent Socially Aware have done much

better than the more conservative investment options: Conservative Balanced and Stable. Over the last year, the story has been one about strong equity markets and pretty weak fixed interest and bond markets, so you've seen that reflected in these relative returns.

Before I talk about this long run performance graph, I might just talk a little bit about relative performance. Look, to be frank, we were a bit disappointed about the results last year. It was only the second time since AustralianSuper was created in 2006 that we've underperformed the median Balanced Plan. Now, you invest with us with the expectation that we'll do better than the average. We don't want to be an average organisation and we need to do better than the results we delivered in relative terms last year.

Now to this graph here. This is the annual returns for the Balanced Plan going back to 1987. Almost 40 years. 37 years. A few things really stand out. Most of the time the returns have been pretty good – you know, 10%, between 5% and 10%. Some years have been close to 20%. The other thing that stands out on this is there's been three periods of negative returns. The first one was during the GFC, 2001/2002, when returns were quite low as the tech bubble burst. The second one was the financial crisis, and it's called 'the great financial crisis' because these returns were quite weak. You can see minus 10% plus in 2008/2009 and a negative return also in 2008.

Move on a little bit and then you get to what I talk about as the COVID period. You had just a small positive return in 2020, followed by 20% in 2021, followed by a negative return in 2022 and then sort of back to normal in 2023. It's been the third era of volatility in returns over that whole 37 year period. It underscores my point I was making about if you're feeling stressed and volatile, the markets have been reflecting that.

Now, the key thing about this is it just shows you the power of long run investing. In each of those periods when the markets were weak, they were followed by strong returns. If you stuck to your guns, held your portfolio through that whole period, you ended up making a lot more money along the journey.

There were these four macro themes which really drove investment markets in the last year, but they have a sequence to all of them. Rising inflation was the key to all of it. Inflation rose to 7% plus in Australia and in the US and more than that in the UK. It was up in Europe as well, maybe not quite – actually to around 7% – and these rates of inflation were unseen from a lot of people over their whole lives and some other people going back to the 1980s. High inflation struck as a real surprise. Nobody anticipated it. A lot of people thought it would be temporary, and it wasn't. And central banks caught, in investment terms, behind the curve, moving too late, had to put up interest rates in a great hurry. You saw the Reserve Bank increase rates in Australia to over 4% for cash rates, and that flowed straight through to mortgages. You saw the same thing happening in the US and the same thing happening in Europe. What that meant was that households are now facing rising mortgage payments, particularly as the fixed rates roll off and as some of the mortgage offsets you made during COVID start to wear their way out. It's having a pretty big deal, rising mortgage payments.

For those who have got rental properties, faced with rising mortgage payments, they've put up the rents. Those people who are having to rent are also experiencing the context of having rising inflation coming through in their rental increase. A really big effect and it shows you how dangerous inflation is if left unchecked.

Now, it's not surprising that you as individuals and us in the portfolio have felt the effect of this higher inflation. Every time you go to the shops – I don't know how you feel – I'm just completely



staggered as to how much things cost. I sound like my grandmother, "Look, how can it cost so much these days?". \$5 for coffee. You take the family out for dinner, it's \$150. It just adds up and adds up. And it feeds through everything you look at. I was recently travelling to the US and the UK and I couldn't get over how expensive things were there as well. It's just a global phenomenon that things have gone up so much.

Despite these rising cost pressures, the thing which is really interesting is that companies have done OK. They've done OK because they've been able to pass on these rising costs in terms of rising prices, so profits have held up, and in the tech sector, particularly in the US, they've actually gone further ahead. You've seen corporate earnings hold up, and hold up much more than people anticipated. In some places in the world, the economies have held up longer than people anticipated as they've had a large advance of savings being generated during COVID being run down, offsetting the interest rates. And equities have done much better than people anticipated. The bounceback in equities last year, underpinned by stronger corporate profits, meant equities did really well but investments which had exposure to high interest rates – you might call that property or bonds, to some extent infrastructure – did quite poorly because they couldn't increase their revenues but all their costs went up at the same time.

Let's have a look at how these investment themes impacted upon the returns of the different asset classes. Again, focus on the red. The red is the one year returns for each of the different asset classes. The green is over a period of 10 years and the black is over a period of five years. A few things stand out. There's lots of volatility in the red returns. Last year, 14.2% for Australian shares, 19.5% for global equities, as they bounced back from the big falls in the first half of 2022. By contrast, if you owned unlisted property, it was down 8% as rents declined, as people didn't come back into offices after COVID and interest rates went up affecting valuations.

If you had your portfolio skewed to the left hand side of this graph – i.e., in shares and Unlisted Infrastructure – you did quite well. 14%, 19%, 10%. But if you had your portfolio geared toward the right hand side – property, credit, fixed interest and cash – you would have earned a fairly poor return over the year. It was a year whereby if you had fixed interest related events you did poorly and if you had equity related investments, you did very well.

The other thing, bringing out the investment geek in me a little bit, is that if you have a look at the red line relative to the green lines, you can see in most cases the green lines are much more stable. Dispersion of returns between the worst and the best of the green line over 10 years is much smaller than the dispersion of returns between the red lines, which is over one year. That's what happens. Over the longer term, the asset class returns tend to merge into each other a little bit and you don't get quite the dispersion you saw over this last 12 months.

The other thing I think to bring out about the equity market performance is the rise of tech. In the US in particular, there's about 10 big stocks – most of them are tech stocks – which are really dominating the market. And I'll talk about tech a bit more later on. But exposure to those tech stocks had generated a strong return but if you had other stocks in the market, you generated a much poorer return.

Now, this is my favourite graph. When we talk about investments, it's all talked about in percentages and basis points and all this technical language, but, as you know, all that matters is the dollars. How much money are we making for you? And this is the dollar chart, where all the rest of them were percentages or growth rate charts.

If you put \$100,000 into the Balanced Plan in June 2003 – 20 years ago – and did nothing – you went on holidays, did nothing – it would be worth \$476,000 today. That's up almost five times. That's not bad. That's what shows you what 8% or 9% return compounded over 20 years does. It's the effect of compounding – staying in there for the whole journey and letting that 9% work every year. It goes bang, bang, bang and the number just gets bigger and bigger. That's what we want to do with your portfolio over 40, 50 and 60 years – compound those returns away so you have a really big nest egg to retire on.

The second thing that stands out on this graph is that, sure, there's been some issues – we talked about the financial crisis early on and we talked about COVID and we talked about rising inflation but they don't see the change, this iceberg, much, do they? They chip away a bit at the ice. Maybe you come over the edge a little bit, like in 2007 to 2009. But, by and large, you're still climbing up the hill. You're climbing up the hill of building more wealth. And when these events come along – and look at COVID there in 2020, that V shaped thing you see there on the graph what that tells you is that it doesn't really matter. Investing for the long term is all that matters.

Now, the other thing about it is that when the news is bad and there's lots of news headlines and things moving around, don't get sucked into doing anything. Don't react to the news. Just believe in the long run profile of what your portfolio is designed to do and let it compound over 20, 30, 40 and 50 years.

Let's look forward a little bit. Investments is not about the past. It's really only about the future: how do we think companies are going to evolve into the future, how they're going to take advantage of the future and how they're going to make more money out of the future. We think there's three big themes which are going to impact the future as we look at building the portfolio: tech disruption and AI, and I'll call that digital; the global economic slowdown; and climate change and energy transition. There might be some others because the future is always in the future and you can't particularly foresee it with complete accuracy, but these are pretty fair bets as to what will be driving things over the next three to five years.

AI. AI has been called the next best thing – sorry, the next big thing in computing for the last 30 years, and for 28 of them it's been wrong. But I think this year might be different. I think it's here, and it's here for real. But really AI is nothing special in itself. It's really just a cumulation of the IT journey we've been on for the last 60 years. As you get a bit old in the tooth like myself, you can think about how computers have evolved over the journey. There was the mainframe. Then there was the personal computer. Then there was the internet. Then there was mobile computing. Then there was the cloud. And now there's AI. It's the next thing along that journey. In effect, we've moved from an analogue era to a digital era.

What makes AI different this time is big datasets and big computing capability. These big datasets allow you to analyse more things and do it all in one go. And what they're really doing is pattern recognition, and you can do that with big computing and big datasets. There's a book on innovation – or a few of these books on innovation – and when you read them, they've got one common theme. The first one is that when an innovation comes along – and AI is one of them – people always over anticipate the benefits in the short term and under anticipate – massively under anticipate them in the long run. AI is going to be one of those.

Think back to when the internet started in 2000. You weren't really sure how it was going to develop, where the winners were going to be, but by 2015/16/17/18, it was really clear. Sometimes it takes up to 20 years for the impact to really flow through.

But machine learning, robotics, AI, it's here to stay. It's going to impact all our lives and all the companies we invest in. Shaun Manuell, who runs our Aussie Equities strategy, says he asks all the companies do they have a digital strategy. It's hard to believe you can be in business these days without having a digital strategy. You need to be focused on doing that. And AustralianSuper's got one. That's been one of our big differentiators. Is AI revolutionary or evolutionary? What a question. I think it's probably hard to say but I'd say probably evolutionary because of my conservative nature.

Global economic slowdown high interest rates will have an impact sooner or later. It's inevitable. It's already causing slowing in Australia, in Europe and to some extent in Asia. The US has been holding up but slowing gradually. They had much more COVID stimulus and it's taking a while to work out of the system. But sooner or later it will work itself out of the system and high interest rates will start to bite.

In China, there's been a lot of discussion as to whether China's in structural decline. I think that's too pessimistic. There's no doubt that China has changed its economic model. It was previously geared around infrastructure, housing and exports. They've sort of run out of runway for that model. The labour force is contracting as population has peaked and declining, but they still have the potential to increase urbanisation. Currently urbanisation in China is only in the mid 60% and that could well go to 80%. So China is not a write off. It's just slowing from where it's been as it's developing. It's trying to pivot its economy to focus more on consumption expenditure, domestic goods and technology. It's slowed down a fair bit but it's almost the same size or is the same size as the US economy. It's not surprising it's not growing at 6% any longer. It's an enormous beast, and the key thing for Australia is it won't be as resource intensive as what it used to be but its market will be much larger.

The final thing is geopolitical tensions. The worse these geopolitical tensions get, the more difficult the investment environment will become. We're all hoping they start to dissipate and we can focus on making money but it's something we're watching quite closely.

The third topic, energy transition, I've left to last. It's certainly the most controversial and probably the most difficult. What is energy transition? There's a lot of phrasing around this. Well, at the current time, most of the world's energy comes from things like coal, oil and gas. But that puts too much carbon up in the atmosphere and we have to move to a situation whereby the world's energy doesn't come from carbon producing substances, and we've got 20 years roughly to do that. We need to do that efficiently and as quickly as possible, and we're moving down that path.

Now, you've all heard about climate change and energy transition for years. It's been debated for 10 years, 15 years. But it seems like something's happening now. It's actually starting a bit of momentum. I've got a bit of a story about this. I think it's like trying to drive a manual car for the first time. I know it won't resonate with the younger audience who only drive automatics, but for those of us who grew up driving manuals, what happens is you get the car into first and it's sort of lurching around and you can't really get it going very far, and eventually you get it into third and the car takes off. Well, I think the energy transition is in third gear now. It's starting to really take off. And the key reason for that is because the policy environment has become clearer. Governments have got behind it, creating clear objectives and clear policies and starting to create clear transition paths.

The biggest change in this, of course, is in the US, which has this Act to promote climate change transition called the Inflation Reduction Act. Now, you might wonder why they call the climate change policy 'the Inflation Reduction Act', but that's the US.

Now, the thing about this is that we're only in the early stages of it. It's a 20 year journey. It won't be smooth and linear. Gas, we think, will play an important role in the transition, particularly for emerging countries, and the markets are going to respond to this and try to front run the whole changing policy environment, and we're seeing that across quite a different range of things.

These themes matter. In some ways these themes have been the dominant drivers of investment returns over the more recent period and will be into the future. We need to spend a lot of time analysing these themes, work out how they evolve, and read the best research and come across the best people we can.

Let's turn a little bit to the outlook. What do we think is going to happen over the short to medium term? Someone once told me: if you have to forecast, never forecast on paper, and forecast off it. This is going to be on video so everyone's going to see it and it's going to last for ages, and so with that apology in mind, we think higher interest rates will impact, and will impact economies over the next one to two years, so we're likely to head toward a global economic slowdown. Both consumers and businesses will have higher debt servicing costs. Valuations of assets are not used to these level of interest rates and will gradually be reflected in the valuations. Many home owners must now face higher interest payments and higher mortgage payments with the belief probably now that they're never going to what they used to be around COVID and before. That means less disposable income to spend. And then as the economy slows and probably wages hold up a bit, we think corporates are going to face a bit of a squeeze. They won't be able to put up prices and their costs will be pushing into profit margins, so profits will come off over that period.

Reflecting this outlook, we've got the portfolio defensively positioned, and that means more fixed interest because when the economy starts to slow, we think interest rates will eventually come down and fixed interest will benefit, and less equities than we normally hold because we're worried about this profit squeeze starting to feed through the corporate sector. Now, at this stage, as this occurs, we'll be able to re risk the portfolio, buy more shares and sell the fixed interest, but we need the economies to slow first to hopefully provide an entry point of cheaper prices.

Now, just in closing, just a little bit of a look at what does the actual portfolio and the investment capability look like. AustralianSuper's got nearly \$300 billion of members' money, of your money, we're investing - half of that is in global investments, 25% of it is in global markets and around 55% [of the whole] is now internally managed.

If you look at the pie chart up there, you see on the right hand side of the pie chart the orange and the red being Australian and international equities. They make up the big half of the portfolio. And the other side of the pie chart are all the other asset classes, which, in effect, diversify that equity risk. That's why we call it a balanced portfolio because it has growth in it, plus this diversification. Go to the right hand part of the slide and what you see then is where the portfolio's invested. 30% is in North America, which reflects the dominance of the US equity market and particularly technology; 50% is in Australia, as we've mentioned; 4% is in emerging markets; and 13% is in Europe.

Now, on behalf of the Investment team, I'd like to thank the Board, the Investment Committee and all the colleagues in the Fund for providing us with the environment to do what we love. All of us in Investments really enjoy investing for members, for members, and it's a privilege to be able to do so, so thank you for doing it. And the final thank you is thank you for putting your trust in us to manage your money. We remain committed to doing the best job we can using our size, our scale and our skill to generate the best possible returns for you in your retirement. Thank you.

ROSE KERLIN: Thanks to Philippa and Mark for their insights into our investment strategy, performance and market outlook. Now, that concludes the formal presentations. We will now proceed to the Live Question and Answer session. For those that are not joining us, thank you and good evening. For those that are joining us, please note that questions can only be typed into the questions box. If we aren't able to answer all questions at this meeting, a response will be provided afterwards via the Minutes of this meeting, which will be available on the Fund's website.

A reminder that if you choose to send any questions to us during the Annual Member Meeting, these questions and our responses may be publicly available to other meeting attendees in real time as part of the meeting. They'll also be recorded in the Minutes of the Meeting, which will be made publicly available on our website. Please note that, to protect your privacy, do not include any personal information in the messages or questions you submit to us as part of the Annual Member Meeting, other than your name and email address. We're not able to answer questions relating to your personal account or personal situation so please contact us via the website, the Contact Centre or the AustralianSuper App in these instances.

Now, to ask a question, you simply need to click on the Q&A button at the bottom of your screen and type your question into the questions box. We've already had some of those questions coming through, so I'm going to go straight into the first question now.

We've had a number of members ask various questions about what actions AustralianSuper is taking with respect to climate change. I'm going to ask Andrew Gray, our Head of ESG & Stewardship, to address this broadly to see if we can answer as many of these questions as we can. Over to you, Andrew.

ANDREW GRAY: Great. Thanks, Rose, and I'm glad there's been a lot of questions about climate change because it's such an important investment issue and obviously you heard Paul in his opening remarks talk about climate change. I thought what I'd do is drill down a little bit on some of the areas that he mentioned and talk a bit about what we're doing in terms of NetZero commitment on the portfolio, our company engagement and voting with relation to climate change and also some of the climate change policy advocacy that we're undertaking.

As Paul mentioned, AustralianSuper has committed to achieving NetZero emissions in the investment portfolio by 2050, and that's based on Scope 1 and Scope 2 emissions of the investments in the portfolio. And just by way of definition, that means that we're striving that in aggregate the emissions in the portfolio at 2050 will be NetZero, and that's based on, as we say, Scope 1 and Scope 2 emissions, so that's the emissions that are generated by the company's own operations.

We've developed a carbon tracker because I guess one of the really important things, having set that commitment, is that we can monitor our progress. So utilising the latest data that's available as at 30 June 2022 and I guess one of the challenges in this space is the availability of emissions



data but using that data, we've now got 65% of the portfolio covered by our tracking activities and, as we go forward, we'll expect that will grow. But the purpose of this tracking analysis is so that we can identify the largest contributors to emissions in the portfolio and the expected pathway to NetZero. Some of the results are actually quite interesting and I'll just put forward the example of the internal Australian equities portfolio, fundamental equities portfolio, as an interesting example. So the companies in that portfolio 88% of the emissions in that portfolio are covered by companies that have made NetZero commitments. Emissions are concentrated in a small number of companies, with about five companies making up about 85% of the emissions in the portfolio. And, interestingly, the carbon intensity of that portfolio is forecast to decline quite dramatically going out to 2050. So, for example, we use a measure of carbon intensity and at the moment it's 84.8 tonnes of CO2 per million dollars invested. Based on the NetZero promises that companies in that portfolio are making, that's expected to go down to 10.1 tonnes of CO2 per million dollars invested.

A very significant decline in that emissions intensity as the companies in that portfolio deliver on their NetZero promises, which actually then brings me to the next key activity in terms of climate change management in the portfolio, which is the stewardship activities, so the way we go about engaging with companies on their climate change management. Our ability to achieve NetZero commitment in the portfolio is dependent on policy makers and also the portfolio companies delivering on their own NetZero commitments. Therefore, as investors we've got a very important role in engaging with those companies, seeking that they do deliver on their commitments. Now, it's worth noting that, as shareholders, we actually don't manage the company and also our level of influence will differ depending on the size of our ownership and the way we own the company, but certainly it's a very active activity for us to be engaging with the companies on the way they're managing their NetZero commitments.

So in terms of how we're engaging with the larger and medium companies in the Australian shares fundamental portfolio, we're engaging with them seeking that they have credible NetZero credible strategies to achieve their NetZero goals. So putting some numbers around that, in financial year 2023, we had 75 direct engagements with ASX 300 companies, and over 40% of those meetings were discussing climate change, among other things, but certainly climate change was one of the priority topics of those meetings.

We do those engagements individually but we'll also engage collectively with other investors where that's useful to amplify our voice. So an example of that is we were one of the founding members of Climate Action 100+ and we continue to be on the global Steering Committee of that initiative. So Climate Action 100+ is the world's largest investor led initiative, engaging with the world's top emitters in terms of how they're managing to NetZero. So we've got 700 signatories now, signatories to Climate Action 100+, and that represents about \$70 trillion in assets under management. So clearly it's a very powerful investor voice that's engaging with companies on their NetZero transition. It's interesting to note that five years ago, only five of the companies covered by Climate Action 100+ had NetZero commitments and now it's at 77%, so quite a dramatic rise in the number of companies making those NetZero promises.

Climate Action 100+ has now relaunched for the next five years. It's refreshed the initiative and the focus of Climate Action 100+ is now focussing on the delivery of those promises by companies, given that so many have now made that commitment. So it's a really exciting phase in the initiative. And it's also worth noting that Climate Action 100+ publishes on its website what we call the 'benchmarking analysis', so this is our assessment as to how companies are

progressing, so it's a great way for people to monitor the progress that's being made by companies covered by Climate Action 100+.

Just a couple of other quick comments on stewardship. Voting is one of the other key activities that we undertake under stewardship where we vote every year at company AGMs. In Financial Year 2023, we voted on 156 climate related shareholder resolutions globally, so as well as voting on things such as director elections and remuneration, often there will be shareholder resolutions raised around climate change matters. We'll look at those resolutions from the lens of will they deliver investment returns for members, and if we think they will, we'll support them. So in Financial Year 2023, we supported 68% of those climate change resolutions, recognising that we think they are going to be beneficial in contributing to investment value.

The other key vote in the climate change space is what we call 'Say on Climate' voting, which is where we get to vote on the quality and the disclosure that companies are putting forward in their climate change report. So in Financial Year 2023, we voted on 33 'Say on Climate' resolutions globally. Interestingly here, we actually voted in favour of 85% but the other side of that is we voted against 15%, so that's us signalling to the company that we think more work needs to be done on their climate change report. So it's a very powerful signalling mechanism that we can undertake.

And just finally in terms of our climate change activities, I'll just spend a couple of minutes just touching on the climate change policy advocacy that we're undertaking. The public policy backdrop for climate change is really important to enable investors and companies to move forward and manage climate change investment risks effectively. There's actually been quite an active number of public policy consultations over the last 12 months and AustralianSuper has been quite active in terms of putting submissions in on these. A couple just to note. we provided a submission to the International Sustainability Standards Board in relation to general sustainability related disclosures and also in particular climate related disclosures. We provided a submission on the Australian Government's climate related financial disclosure consultations, so two submissions one in February 2023 and one more recently in July 2023 and we've also provided a submission on the Climate Change Authority's Setting, Tracking and Achieving Australia's Emissions Reduction Targets consultation paper, and that was in June 2023.

Certainly where we see that putting in a submission will help advance the policy backdrop, which will help us manage climate change in the investment portfolio, we're active in that space. And again it's worth noting that we will do that individually, so they were submissions that AustralianSuper put in individually, but we'll also work collectively with other investors where that's useful. So, for example, AustralianSuper sits on the Board of the Investor Group on Climate Change, and that group has an active policy engagement framework as well in terms of engaging with policy makers.

I hope that's given an overview. As you can see, it's a very broad program across the investment portfolio but that's hopefully given you a feel for what we're doing.

ROSE KERLIN: Great. Thanks, Andrew. And I've got my glasses on now so I can read all these terrific questions that are coming in from all of our members. This next one and I should let you know we've got some subject matter experts with the panel in the studio tonight and this next question I'm going to give to Kate Leplaw, who is our Head of Member Experience, and it's come from Wallace. Wallace says: "I would like to know how many complaints AustralianSuper receives

about the service quality they received? How many complaints receive feedback within the five days response time, other than the acknowledged email?". Kate?

KATE LEPLAW: Thanks, Wallace, for that question. As mentioned, my name is Kate Leplaw and I look after Member Experience here at your Fund. Last financial year, about 25% of the complaints that we received were around insurance and around 75% around administration challenges. Most complaints come to us via phone calls and we aim to resolve as many of those complaints on that initial phone call. About 65% of complaints received we either resolved during a member's initial conversation or we closed out verbally within five business days of the initial call.

We also have dedicated teams who look after complaints where resolution can't be found on the initial call. The remaining 35% of complaints we received were taken care of by those teams within the regulatory time frame of 45 days, noting, however, that we resolve most complaints in a lesser time frame.

ROSE KERLIN: Thanks, Kate. The next question I'll give to Paul and it's from Dawn. Dawn would like AustralianSuper to publish the top 10 investments by value in each investment option so that she can make a more informed choice on where her money is invested. Paul?

PAUL SCHRODER: Thanks, Dawn. That's a good idea to know more about what you own and what everyone in the Fund owns. We've been doing disclosure about assets since 2016, I think, and so you can already do this. You can look anybody can look this up on the website. If you go to the AustralianSuper website, click on 'Investments', 'How We Invest' and then 'What We Invest in' and you can see even by address, if I remember correctly but everything that you own is all there. We spent a great deal of time over many years making sure that that was an accurate and fair representation. I'm very glad to say, Dawn, that you can already do that by clicking on those spots: 'Investments', 'How We Invest' and 'What We Invest In'.

ROSE KERLIN: Thanks, Paul. This next question I'll give to Mick Dunne, who is our Chief Information Security Officer, and it comes from Prue. Prue says: "What is being done to address cybersecurity risks on your platform, particularly around member facing multifactor authentication?".

MICK DUNNE: Thanks for the question, Prue. AustralianSuper takes the issue of account security and the privacy of our members very seriously. In terms of what we do to address cybersecurity, this is really a broad topic so I'll try to keep it brief tonight. We've adopted international best practice, which gives us guidance around how we design our security framework and our controls. We also have significant oversight from our regulators, both here in Australia and overseas, which also give us direction in terms of expectation in how we operate. We operate a strong assurance program, which includes our internal audit program, external audit, independent assurance, testing of our systems, just to make sure that we've got the right strength in terms of our controls and that we continue to operate our security environment effectively and that we manage security risk.

In terms of your question around MFA, we aim to balance member convenience and security, and while today we don't have MFA security at logon for our member portal and mobile app, we do have multifactor authentication within our systems today, and that's in place to protect you when you're conducting critical transactions. We also have MFA in place when you're doing things such as changing your password or even establishing an account in the first place. Moving forward, we continue to invest in our security capability and we operate a security roadmap, and that has a

set of strategic initiatives, and included in that is extending the use of multifactor authentication in the future.

I'd also like to point out that right now the mobile app is actually I'd really encourage the use of it. It has a strong security set of features and, depending on the mobile device that you use, you can use things like biometric for login. And that's enhanced protection. Thanks again for the question tonight, Prue.

ROSE KERLIN: Great, Mick. The next question I'll provide to Alistair Barker, who is our Head of Asset Allocation, and the question comes from Kieran: "How do we know the unlisted assets in the Fund are being valued appropriately?"

ALISTAIR BARKER: Thanks for the question, Kieran. AustralianSuper's valuation approach is mainly anchored on the principle of member equity. So members are contributing every day; some members are withdrawing every day for their pension payment. So our aim is to make sure that all assets are valued as fairly as they can be at any point in time. We also ensure that your assets are valued fairly because it's compliant with regulatory standards and also accounting principles.

You might ask how does our valuation process work? Well, there's really two legs to it. The first is what we call listed assets, so these are assets that are traded on a stock exchange, like the ASX. In those instances, the price that those securities are trading at we can identify and those are reflected in your account on a daily basis.

With respect to unlisted assets and this is the focus of your question, Kieran we need to get an independent expert review. That independent process is run by our Chief Financial Officer and that includes a number of independent people who report to him, and what their process involves is either valuing those assets internally or getting an independent expert externally. Those experts have regard to market transactions, what happens in listed equity markets but also what happens across broader investment markets. So, for example, as Mark mentioned earlier, the changes in interest rates has been quite a large factor affecting valuations. So their job is to make sure that all of those factors are taken into account when valuing assets.

If you've got any more questions about valuations, there's a fact sheet on our website, so if you go to the AustralianSuper website and search for 'Understanding Valuations', you'll see more information. But thank you for the question.

ROSE KERLIN: Great. Thanks, Alistair. Philippa, this question is for you from Thomas: "How are you balancing the risk of a global depression with requirements to also get good returns?"

PHILIPPA KELLY: Thank you, Thomas. We've spoken in a fair amount of detail about our investment strategy and why we've designed it the way we have, which is to provide returns over the longer term, and that therefore provides a buffer through various market cycles that we see or evidence. We've anticipated, and been preparing for. An economic downturn for some time in the portfolio and I'd like to think that, as you see the leadership of the AustralianSuper team here tonight, you can see first hand that the team has decades of experience in managing investment portfolios through both buoyant markets as well as challenging ones.

But putting it really simply, what I'd say is that we have a well diversified portfolio, we have a resilient investment strategy and the team are really well prepared to take advantage of future opportunities to re enter markets when the investment conditions arise. Thanks.

ROSE KERLIN: Great. This next question I'll give to Pamela Panagenas, who is our Head of Member Operations, and the question comes from Martha: "What changes is AustralianSuper making to ensure a deceased person's super is provided to their beneficiaries in a prompt manner?".

PAMELA PANAGENAS: Thanks, Rose. Thanks for your question, Martha. I'm Pamela Panagenas, Head of Member Operations at the Fund. Death claims is the No.1 focus and priority for us in the Fund at the moment. It's the last service we can do for members and we have to get it right, so it is our focus.

Whilst we're working through returning the service to normal, we have put in place additional support for families at this difficult time. So we've moved to what we're calling a case management model. We've improved training for the larger team that's working on this service and we've made technology workflow improvements to support it further.

The larger team that we've got in place at the moment has got three areas of focus. They're focussing on the aged death claims that Paul has already talked about this evening; we're ensuring payments are made in a timely manner; and we're also making sure that new claims are case managed appropriately and are decisioned and paid as quickly as possible, which is going towards answering your question.

Something that we're working on with members at the moment as well, for members to consider. Is checking if you have a nominated beneficiary on your account. If you do, it can make this process a lot easier and more efficient for your loved ones at this time. So thank you again for your question, Martha.

ROSE KERLIN: Great, Pamela. This next question is for Mark and it's coming from Sam. Sam asks: "What is happening with Origin?".

MARK DELANEY: Yes, what a topic. For those of you who don't read the financial press, which is probably most of you, thank goodness, Origin Energy is one of the largest energy providers in Australia. It's one of our biggest holdings in Australian Equities, and we are the largest shareholder of Origin Energy, owning about 17%. Origin has been subject to a takeover offer by a consortium, which is going to a vote this week. AustralianSuper has publicly announced that we are going to vote against the takeover offer because we don't think the share price being offered reflects the underlying value of the company and we can do better by holding onto the company. So we're going to vote against it and we'll find out how that goes later in the week.

ROSE KERLIN: Thanks, Mark. I'll give this next question to Paul and it's come from Michael. Michael asks: "Will insurance cover the legal costs, any penalties and payouts to members if AustralianSuper is found guilty of failing to consolidate member accounts and how much will that increase current members' administration costs?". Paul.

PAUL SCHRODER: Thank you, Michael. As you note in your question, we don't know what's going to be decided and we don't know what's going to happen, but in the case that we were required to cover penalty, and, of course, legal costs associated, we do have insurances in place, and those insurances could well cover some or all of those expenses. But, as some of you will know, you can't always be sure about insurance payments. I'm also glad to say that the Fund has a trustee risk reserve which has been put aside to cover these kind of contingencies. So, first of all, we don't know if we'll have a penalty or not. We don't know the size of that penalty. Insurance could cover it, and we would expect should cover some of it, but we have a reserve in



place for this very instance, and so it will have no impact on administration costs or the charges to members.

ROSE KERLIN: Thanks, Paul. A question has come in for the Board, and I'll give this one to Don. It comes from Sam: "How does the Board set its priorities?". Don.

DR DON RUSSELL: Well, thanks, Sam. Priority setting is actually one of the core responsibilities of the Board in the broad. I guess the priorities of the Board and the priorities of the Fund are to make money for members, how we serve members and now how we prepare people for retirement. The key issue is how do we make sure that the Fund itself is agile and responsive as circumstances change to make sure that the Fund is in the best position to deliver on those priorities as events change. So there is structure around the Board's activities. I guess the driving force at the beginning of the process is the Board's Strategy Day, which we do set time aside so that the real issues can be discussed, evaluated and brought to everyone's attention, and the priorities that come out of the Board Strategy Day are then incorporated systematically in the Fund's rolling three year budget. We've over the years developed mechanisms and structures that enable the Board to come to grips quickly with changing circumstances. We do work around key fund scorecards and in recent years we've put in place structures to make sure that the key Board Committees have the right opportunity to make inputs into that.

So the Board is a force making sure that the Fund itself is always properly focused on the members and is also in a position where it can re evaluate and make changes where necessary to make sure that we actually achieve the outcomes that we want to for the members.

ROSE KERLIN: Thanks, Don. Another question for Mark, and this one's from Robert: "How do you see the economic situation in China unfolding in the next 12 to 18 months and what impact is that likely to have on global economics?".

MARK DELANEY: Yes, thanks, Robert. I recently went to China because we've got an office in China, a research office, and I went to visit the team there and see some of the key policymakers and advisers. I was quite surprised that what I saw there on the ground was different to what you sort of read in the press and the commentary more broadly.

So, in summary, people are being quite pessimistic about China's economic performance, as it hasn't bounced back hard after COVID like other countries did, and they're worried about the downturn in the housing market. Taking each of these in turn, the government in China didn't give massive handouts to people like what happened in the US and, to a lesser extent, Australia. So people didn't have this wall of cash to be able to spend when they came out of COVID. And the second thing was the government has been trying to deflate what they think is an overvalued and excessive supply of housing in the short term by having these restrictions upon how many houses you can buy, how you can get mortgages and the like. The downturn in the housing market has really led to slower growth than people would anticipate but the government is in the process of reversing those changes, allowing the housing market to recover.

So, in summary, I actually think that China is going to do a bit better than people anticipate and the people have got too pessimistic about it, but the go go days where China grew at 6%, 7%, 8% I think are gone and probably growth rates of around 5% are more likely.

ROSE KERLIN: Great. Thanks, Mark. This next question is for Shawn Blackmore, and Shawn is actually our Chief Officer Retirement. And the question comes in from Phil. He says: "Last year

Paul was asked a question about AustralianSuper offering annuities. He said they were thinking about this. Is there any update, Shawn?"

SHAWN BLACKMORE: Great. Thank you, Phil, for your question. I'm Shawn Blackmore, the Chief Officer Retirement. So annuities are essentially a guarantee that will pay an income in retirement for life or a set term, also known as longevity products and also can be known as income guarantee products. Pleasingly, we've fast forwarded on our plans in designing what that longevity product could look like. We'll plan to have an announcement early next year and hope to have a product in members' hands in the next 12 to 18 months.

ROSE KERLIN: Great, Shawn. Another question for Alistair. This question comes from Margaret and she asks: "Why are the interest rates paid on cash investments much lower than the banks?"

ALISTAIR BARKER: Thanks for the question, Margaret. The simple answer is: it looks lower but it's not. But why? "Why?", you would you ask. There's really two reasons. The first is that the returns that we disclose to you on cash are net of tax. Our returns look lower because we pay tax on most people's accounts.

The second is time. When you look at a term deposit, for example, if you were to go to your bank's website or go to their branch, they would quote you a forward looking return. When we disclose and report to you our returns on cash, they look backwards. So in a period where interest rates have been rising, the future return on cash looks much higher than what has been in history. And those are really the two main reasons why the returns look lower but I can assure you it's really more an appearance issue than it actually being lower. But thank you for the question.

ROSE KERLIN: Great. I'll give this next question from Margaret to Anthony Smolic, and Anthony is one of our Education Managers in my team. The question from Margaret is: "To whom can I seek answers from regarding setting up of an income stream?"

ANTHONY SMOLIC: Thank you for your question, Margaret. First and foremost, for any general information, please visit the website [australiansuper.com](http://australiansuper.com) for all collateral relating to our income stream products, under the 'Retirement' tab. For some simple super advice around our Transition to Retirement or Choice Income products, you can call us on the 1300 300 273 number and speak with our over the phone advice team and they'll be able to provide you with potentially a strategy around setting up the TTR or Choice Income accounts, upon which there may be a small fee payable. If you're looking for more comprehensive financial advice, also through that 1300 Call Centre number or through the website, you will be able to complete a contact form and ask to speak with, either virtually or in person, one of our financial advisers or a financial planner in your local area that you can find through the Find Adviser tool. Thanks for your question, Margaret.

ROSE KERLIN: Great. Anthony. OK, Mark, you're lucky. You're getting another question. This one's from Gregory: "How likely do you think it is that Australia will enter into a recession next year?"

MARK DELANEY: We think Australia's going to face a slow down. High interest rates will generate that. Whether that's big enough to cause a recession, I just don't know. The complicating factor is that people have still a large amount of money in their bank accounts and have prepaid their mortgages in their offset accounts during that period of low interest rates during COVID. So how good these buffers are to offset the impact of higher interest rates will

determine how well the Australian economy goes. So I think a slow down is the safer call and we'll have to wait and see how things pan out.

ROSE KERLIN: Thanks, Mark. I will give this question to Richard Land, who's our Head of Insurance Product and Pricing, and, Richard, the question comes from Johann: "When will you implement binding nominations for super beneficiaries in the case of death?"

RICHARD LAND: Thanks very much, Johann, and currently we do have binding death benefit nominations at the moment. They're on the AustralianSuper website, [www.australiansuper.com/beneficiary](http://www.australiansuper.com/beneficiary). And, yes, we are looking at ways to make it more obvious on the website. Thank you.

ROSE KERLIN: Great. Alright. We'll go to a question now for Philippa and this comes from Dave: "Why aren't you investing more in Australia?"

PHILIPPA KELLY: Thank you, Dave. I've already mentioned that we actually have the largest active fund manager in Australian Equities on the ASX but, in fact, half of the Fund's assets are currently invested in Australia, so \$150 billion amongst infrastructure, public and private market assets. So we are a very significant investor in the Australian context.

If we think about what happens in the future, we've committed to continually review active investment in Australia but again it's on the basis of the best risk adjusted returns for investors, and particularly as we look at our global footprint expanding, there'll be a balance between global investment and ongoing Australian investment. Thanks.

ROSE KERLIN: Alright. We've got a question now from Janet, which I'll provide to Mark. Janet would like to know: "Why are you staying in bonds, which have been negative for so long?"

MARK DELANEY: Yes, good question, Janet. Thank you for that. You're dead right about it being negative for so long. I've got some numbers here in front of me. In 2020, fixed interest earned 1.3%. In 2021, it earned 2.2%. It lost 4.5% in 2022 and lost another 0.5% in 2023. So given that track record, why would you leave your money there? I'll give you the answer.

So what's happened is that, as interest rates have risen, bonds make capital losses because you have a higher discount rate on those coupon payments on the Government bond. When interest rates peak out and interest rates start going down, those capital losses then become capital gains. So if we think interest rates are likely to decline from here over the medium term, we're likely to recoup some of those losses we made in fixed interest as you make capital gains. That's why we're staying in bonds, because interest rates have risen a lot and we think that they'll be a very good investment.

One thing to note is that if you go back to 2021, 2022 particularly 2021 we had a very low allocation to bonds, so we almost owned no bonds before interest rates started to rise, and as they rose, we've been buying bonds. So we think they're better to buy when rates are up and good to avoid when rates are very low.

ROSE KERLIN: Great. A question now for Paul from Michael. Michael would like to know: "Does AustralianSuper have annual financial reports published and, if so, where can we view these reports?"

PAUL SCHRODER: Thank you, Michael. Yes, we do. And as I've said all evening and I think many of the other speakers have as well this is your Fund, so we want to be completely

transparent about that and we want you to know everything that's coming and going, wherever and however we can. If you go to the website [australiansuper.com/about-us](http://australiansuper.com/about-us), you'll see 'Governance and reporting' and so you can find all of the financial reports there. Thanks.

ROSE KERLIN: Alright. We're not going to let Mark draw breath, so he's got another question. This one's from David. David would like to know: "Is the size of the Fund restricting your ability to outperform the market?"

MARK DELANEY: Thanks, David. I don't think so. I've been asked this question I think for the 20 years I've been managing money for members of the Fund, and particularly over the last 10 years. And I just don't think so. I think there's winners and losers as the Fund gets bigger but, by and large, there's more winners than there are losers. So to pick a couple of examples, we're able to do bigger unlisted investments, act more directly, have large shareholdings in companies like Origin which get subject to a takeover offer, manage all our Australian Equities internally and drive down costs. All those are benefits of scale. Sure, there's some things which are a little bit harder to do, like owning investments in Small Caps in Australia, but there's not that many things which we're really kept out of the market because of scale.

The key thing I think in managing scale is to focus on the advantages and change your operating model to make sure that the constraints don't limit what you can do. So, in short, no, I don't think it's the case. I think history has been that it hasn't been the case but we need to continue to evolve and look for the opportunities.

ROSE KERLIN: OK. A question now for Paul from Fook: "The Government often makes adverse changes to our pension funds. How do we stop them?"

PAUL SCHRODER: Yes, good question. I always worry that members are going to be members of the Fund for 30, 40, 50 years and in that time there might be 12 or 13 Federal Treasurers, so it's very important that we always advocate for good policy and stable policy because everybody needs confidence that what they're building today will be there for their future. We do in our own right advocate and speak up for stability and security and confidence in the system. But during the course of the year, with a great many other funds, we've created a new entity called the Super Members Council, and it's the coming together of a great many profit to member super funds because we are, on your behalf, a large fund and we are taken seriously but we're talking about the entire system here that should be stable and underpinned by confidence. We've decided that working closely with other funds on advocating for good policy and protecting stability is very important, and I'm delighted to say that a range of other funds are active participants in that process and we work very closely with them. To be very careful about that, we compete aggressively with each other. We compete aggressively with each other to make the most money. We compete with each other to attract the best talent and to buy the right assets. But on some things, cooperation is better. I like to call it 'coopetition'. Cooperation on policy and advocacy and the system settings is really important. Yes, we're always advocating for good policy, for stable policy, and we think our ability to do that will be improved by working closely with other good funds of goodwill.

ROSE KERLIN: Thanks, Paul. We've probably only got time for a couple more questions. This one I'll give to Mark from Ilya: "What criteria is used to select investments in infrastructure such as Canada Water?"

MARK DELANEY: Yes, thanks for that. Canada Water is a large scale urban regeneration project just south of the river in London. It's on the way to Canary Wharf and just south of the Central

Business District. It's an old area with a lot of mixed use – offices, retail and some entertainment venues – and the Council went to tender to basically redevelop that area into new housing, new offices, a whole new retail precinct.

The criteria we looked at was: will we make a strong return out of this over the long term? And when we looked at the plans and how it's going to evolve, we think this is going to be a very strong returning investment over the next 10 years. Now, the key thing about any development of this size – and it's not quite as big as King's Cross but a pretty big investment – is that it's going to take 10 years to come to fruition, but we think if you stay the course, it's going to be a very good investment.

ROSE KERLIN: Great, Mark. This next question I'll give to Anthony Smolic from Sergei: "How can I use my super to buy a house?"

ANTHONY SMOLIC: Thanks for your question, Sergei. There's a couple of things here. One, if you're looking at purchasing your first home, then you can utilise the First Home Super Saver Scheme where the Government allows you to contribute up to \$15,000 per financial year, and you can do that over multiple years and then withdraw up to \$50,000. Basically, if you're thinking of doing that to purchase, if you haven't owned a property before, were you to try to save that money in a bank account, if you're in the tax bracket of between \$45,000 to \$120,000 a year, \$15,000 – trying to save it through your wages and put it into a bank – you would attract close to \$5,000 of income tax, whereas if you put in \$15,000 before tax, it would be about \$2,250 contribution tax, which is a saving of close to \$2,600.

It is possible that you might be able to save your money quicker through the First Home Super Saver Scheme rather than through a bank account. If you're thinking about purchasing an investment property or commercial property, then it may be time to speak with a financial professional to have a look and see whether a self managed super fund may be an option for you.

Thank you.

ROSE KERLIN: Thanks, Anthony. We've got one final question that I'm going to answer in the wrap up because it comes from Janet, who wants to know about whether or not today's SuperTalks and the whole AMM meeting are fully recorded, including the Q&A. The good news is that – firstly, I did want to apologise to anyone who didn't get an opportunity to ask their question this evening but, as I explained earlier, we will be putting responses and the Minutes of this Meeting onto the AustralianSuper website within one month of the meeting, and these Minutes will be available at [australiansuper.com/amm](https://australiansuper.com/amm). And, Janet, all of today's SuperTalks were also recorded and they'll also be available for replay on our website.

I hope you've found this event informative and that you feel more confident about your superannuation and your life in retirement. Thank you so much for joining us and I look forward to welcoming you back to our next Annual Member Meeting.