ANZ AUSTRALIAN STAFF SUPERANNUATION SCHEME

2023 ANNUAL MEMBERS' MEETING TRANSCRIPT

Start of Transcript

Welcome Video Voice Over: Hello, welcome to the ANZ Staff Super 2023 Annual Members' Meeting. We're one of Australia's largest corporate super funds, designed specifically for current and former ANZ employees and their partners. You can stay with us if you leave ANZ and you can stay with us into retirement. We're proud to have committed to net zero by 2050 and to be embedding environmental, social and governance considerations in all our investment options.

As a fund run only to benefit members, we're here just for you. The great thing is, we're run for you by people like you. Our Trustee Board has eight Directors, four elected by members and four appointed by ANZ. The people who run ANZ Staff Super are ANZ employees and members too.

So, let's have a look at the benefits of ANZ Staff Super membership. Our size and focus on value for members means low fees, and low fees means more of your money invested for the future. We deliver competitive, long-term investment returns exceeding our long-term performance objectives, as shown by our 10 year returns to 31 December 2022.

We do this by investing in diversified high-quality value for money investments. The position is favourably long term, while managing short-term market volatility. We believe in keeping our insurance flexible and affordable so it works for you. In a changing world, our top priority continues to be you, our members, protecting your interests and improving your financial wellbeing.

We continue to top the charts when it comes to how the independent super agencies rate our fees and costs and our death and total and permanent disablement insurance cover premiums, and our employee, personal and retirement sections all received a AAA from Rainmaker information in their selecting super assessment.

We're here to help you make the most of your super and to set you up for the future you want.

Paul Rosam:

Good afternoon everyone and thank you for joining us for the third annual members meeting for ANZ Staff Super. Paul Rosam is my name, I'm the Senior Manager for ANZ Staff Super and it's my privilege to be your host today. I'd like to acknowledge the Wurundjeri and Boon Wurrung peoples as the traditional custodians of this land, and pay my respects to their Elders, past, present and emerging.

For the first time circumstances allow us to actually broadcast from here at 833 Collins Street, Docklands, rather than out of my home office, which is quite a refreshing change. I'd like to thank Natasha Carter from the Corporate Governance Team, and Michelle Weerakoon from ANZ Investor Relations, who help make the meeting possible. Natasha, our Company Secretary, will be assisting with the moderating of the question and answer session.

So, onto the formal part of the meeting. Our Chair, Directors, Senior Management, external auditor and appointed actuary are all joining us either in the room here or remotely. Welcome along to our Directors, Janet Torney, Anne Flanagan, Adrian Went, Margot Dargan, Rob Sparrow, Janelle Mason, Glenn Phillips and Rebecca Noonan.

ANZ Staff Super's responsible Managers, Megan Currie, Rob Gill from the Management Team are in attendance this afternoon, as is Jo McKinstray, who is leading a significant project for us. Maria Trinci from KPMG, our external auditor, and Matthew Burgess from Willis Towers Watson who has been our appointed actuary for many years. Also Mel Treloar, Tribe Lead for Reward and Pay, who is ANZ's Delegated Executive for ANZ Staff Super, are also with us today.

I'd also like to acknowledge Gary Newman, our previous Chair, and Adam Vise, our previous Chair of the Investment Committee, both retired recently after 10 and eight years on the Board respectively. When we sent out the notice of this meeting, we invited members to submit questions, and thank you to those that have. You're also welcome to submit any questions during the session.

If you would like to ask a question now, please click in the ask a question box below the video and type in your question. Your question will only be visible to the presenters and not displayed in the webcast. We've had quite a few submitted prior to the meeting, and we're planning on answering them all tonight, along with any submitted during the meeting. The answers to all the questions will be posted on our website in the next month along with a transcript and video of this meeting.

Now it's time for a disclaimer. It's important to note that this afternoon's content is only general information and doesn't take into account your personal financial circumstances. You should read and consider the relevant product disclosure statement before making any decisions.

At this stage of the proceedings I'd like to introduce you all to Janet Torney, Chair of ANZ Staff Super.

Janet Torney:

Thanks, Paul, and thanks to all of you for dialling and joining us this evening for the 2023 Annual Meeting of your superannuation fund. As Paul mentioned, I've recently been elected as the Chair of the ANZ Staff Super Board and I'm delighted to have the opportunity to speak to you this evening in that capacity.

The focus of this year's meeting is the 2022 calendar year, but we will also be covering some recent updates to your fund. Firstly, I'd like to thank you all for the faith you show us by trusting us with your retirement savings. It's a role that the Board and Management don't take lightly.

Effective and active governance is a key focus for your Board and Management. We're very pleased to announce that we comfortably passed the MySuper performance test, conducted by our regulator, APRA, in both 2021 and 2022, and we're also very confident about the 2023 results which are due to be released later this month.

In addition, our premix products, so the aggressive growth, balanced growth and cautious investment options achieved a really strong result in the regulator's heatmap analysis of more than 604 choice investment options available in the market. This methodology takes into account investment returns, fees, costs and sustainability, with the latest results being based on data for 30 June 2022.

Then further from a product and service perspective, our employee, personal and retirement sections all received AAA quality ratings from ratings agency, Rainmaker Information, for 2022, as we highlighted on the opening video. Their assessment is also based on a comprehensive range of best practice measures and benchmarks.

So, let me turn to investment performance, which is an area we know is of such a key importance to so many members. 2022 world events had a dramatic impact on global markets and consequently on the performance of all super funds, including the ANZ Staff Super fund. This is reflected in the performance of our balanced growth option, where the investment return was down 6.6% for the year to December.

But it is good to know, and we'll go into more details, that the returns have bounced back in the first half of 2023. At times like this it is really important to remember that super is for the long-term and we should expect to experience highs and lows as you build your retirement assets.

To put that into context, over the last 10 years to 31 December 2022, our balanced growth option where the majority of our members are invested, delivered a positive return of 7.2% per annum. That performance comfortably exceeds the investment objective of inflation or CPI plus 2.5%.

ANZ Staff Super exists to help you, our members, achieve strong retirement outcomes through growing your savings and the related purchasing power. In doing so, we've set out objectives for each of our diversified options to more than out-perform inflation over the longer term, with different targets depending on the level of risk in each of the options.

So, to go through the details, the aggressive option, this is 3% per annum over inflation, for balanced growth it's 2.5% per annum and for the caution option it's 1% per annum, each measured over a rolling 10 year period. As we said, 2022 was a very tough year in the markets with returns for most asset classes falling and inflation rising strongly right across the globe.

Despite this, over the past 10 years, each of our diversified options have delivered strong returns above inflation and above their respective objectives. In doing so, we have grown the purchasing power of your retirement savings.

Our cash option, as you would hope, is more defensive. It's important that this provides the protection over shorter timeframes. We measure this option against the RBA cash rate over rolling one year periods and this option has also outperformed that objective.

So, to the 2023, what's happened in the last six months? Although there has been a bounce back and a meaningful one in investment returns, I'm happy to report that the balanced growth investment option over the six month period to June 2023 returned 5.9%, and over the 12 months to June 2023 the one year return was 8%.

So, let's just think a bit about what caused and what were the factors behind that very difficult 2022 calendar year. It started off in a world that we often have referred to as building back better after the COVID period, or so we thought. But that changed quite dramatically in the first quarter with the Russian invasion of Ukraine. Sanctions on Russia, one of the largest energy producers in the world, along with broader supply chain disruptions, meant that essentials such as food and energy became harder to access and more expensive, contributing to that rising inflation right around the globe.

Central banks responded in a world where interest rates had been really down low previously, with an attempt to dampen demand. What we saw was after a decade, interest rates from the Reserve Bank in Australia and also all other central banks went up. For Australia, they didn't lift them as much as others but nevertheless interest rates rose eight times.

These challenging conditions impacted company valuations and bond markets alike. If I use one example, the relevant global share market index for the international equity portfolio, which represents around 1,500 companies in developed markets, posted a negative return of 12.5% for the 2022 calendar year.

Our Australian share market, which is heavily weighted to energy stocks, outperformed the global markets and the global index but even so, there was a result of minus 1.8% for the year. We've got to remember though that markets such as these tough times also present opportunities that can help us set up for the future.

Our Investment Team has been on the lookout for well-priced, good quality investments that will help to further diversify our portfolio. Indeed, much of the team's focus during 2022 was on improving diversification and ensuring the resilience of our investment options.

Late in that year, in 2022, we approved the appointment of three new global credit managers with commitments of around $300 million. We also made further investments in infrastructure and we trimmed our exposure to office property assets.

Providing you, our members, with quality product, service, tools and performance with one of the lowest fee structures in Australian superannuation, continues to be the core focus of the fund. As at December '22, ratings agency, Chant West, again confirmed that the fee and costs of our employee section were among the lowest across the 80 funds in their survey.

Our Death and Total Permanent Disablement insurance premiums also consistently ranked the most competitive in the market by an order of magnitude. In fact on 1 October '22, our cost of death and TPD cover was reduced by 9.1% for all accumulation sections. That, I think, was certainly one of the few costs to go down in 2022.

It is worth noting that we currently provide a significant subsidy from fund reserves for this insurance, and we currently expect to be able to continue this subsidy for the next three to four years.

I would like to close by thanking our Board, my fellow Directors and also the Management Team led by Paul, Megan Currie and Rob Gill, who continue to do an excellent job of managing your money in challenging and volatile times. Back to you, Paul.

Paul Rosam:

Thanks, Janet. As we've done previously, I'll open this section with a quick recap of our purpose before getting onto our performance and of course your questions. Here at ANZ Staff Super, we focus on providing well governed and value for money super, and we're designed specifically for current and former ANZ staff and their partners.

We are a modest sized fund, which means we need to focus on what's important to our members, taking into account our size, which can create some limitations, but also means we can be more agile than larger funds. There is room in the super industry for small, well run funds that have a particular niche or competitive advantage, and that is our ongoing value proposition for members.

We focus on what will meet the needs of the majority of members and making sure we do it well, so we deliver good outcomes for our members rather than trying to be all things to everyone. We focus on three key areas, number one, investment returns, number two, being value for money, and three, providing quality member services.

We provide value for money super focusing on quality service and performance with low fees and costs. Our philosophy when it comes to investments is based on a few key principles. We build diverse well-constructed portfolios that perform strongly over time and provide a reasonable range of return risk profiles that can cater to most members.

We can't cater to every member's specific preference, no fund can. So, we need to carefully determine both the number of investment options we offer and the underlying mixture of investments. You'll see much in both the popular and the financial press about short-term relative returns, but our commitment to you is to deliver solid returns over the long-term that enable you to live the life you want in your retirement.

Our insurance offering also represents a real benefit to members with market-leading premiums.

Now onto market conditions. The 2022 calendar year was a year of brutal inflation where developed markets were hit by inflation for the first time in decades, and this continued into 2023. What made 2022 so unusual was the breadth of price pressures. This increase in inflation came as the impact of supply chain delays began to take more of an effect on consumer prices, as demand had picked up post COVID but before the Russia Ukraine war exacerbated this further.

A series of compounding issues such as rising energy, food prices and fiscal instability in the wake of the pandemic, saw the global rate of inflation peak during the year at roughly 9%. In response, central banks in developed countries initiated sets of aggressive interest rate increases to engineer an economic slowdown.

Here in Australia, the RBA started lifting interest rates from 0.1% in May 2022 and increasing the cash rate 12 times and 4% in aggregate by June 2023. Markets responded with declines in the performance of equity and bond markets. During 2022, global shares in hedged terms experienced losses of around 15.3%, with domestic and international bond markets falling up to 9.7% and 13.9% respectively.

Over the short-term, our premixed investment options suffered losses for the 12 months to 31 December 2022, 8% for the aggressive growth option, 6.6% for balanced growth and 3.9% for cautious. These returns placed us in the second and third quartiles over one, three, five and 10 years.

But the context for this is, as I highlighted earlier, was the difficult environment experienced by liquid assets such as shares and bonds, but having diversified portfolios helped in a year when both equities and bond fell. Our cash investment option achieved a first quartile performance of 1.6% over the 12 months to 31 December 2022, and it continues to sit in the first quartile over three, five and 10 year periods.

Our focus remains on delivering strong, long-term returns and our long-term outcomes continue to reflect our success. For the 10 years to 31 December 2022, our premixed investment options have returned 9%, 7.2% and 4.5% per annum respectively, comfortably exceeding their investment objectives.

Pleasingly, in 2023 there's been a recovery in financial markets and our equity allocation has benefited, with our international equity returns up by around 18% to 30 June, with our active equity strategy delivering 20.7%. The domestic share market hasn't been as strong but the return from our managers was 5.2%, which was ahead of their benchmark of 1.2%.

The Rainmaker Investment option benchmarking surveys to June 2023 provide a useful comparator of our recent relative performance. Over one year, our Rainmaker rankings were first quartile for cash, second quartile for aggressive growth and third quartile for balanced growth and cautious.

Now short-term results may vary, but super is a long-term investment, so sustained performance is the best measure of success. So, over the last 10 years period to 30 June, we achieved first quartile for aggressive growth and cash and second quartile for balanced growth. More importantly, we continue to comfortably exceed each of our investment option's objectives.

Over the long-term, the biggest driver of relative returns has been the level of risk taken. The average age of an ANZ Staff Super accumulation member is 46, whereas some of the more prominent large funds have younger demographics with smaller balances, so they can have larger allocations to growth assets than us. Their investment time horizon for their members is longer. We'll go into this in more detail as we address some of the specific questions from members.

Now, onto the outlook. The current environment does remain challenging for investors and many of our members, but it is important to remember that Super is a long term investment and our options have weathered a variety of challenging conditions over time to deliver strong long-term returns.

The move to lift rates during 2022 is starting to lose steam with a number of central banks now in a period of pause while they assess the need for whether further rate increases are required to bring inflation really back under control. In the short term volatility is likely to remain high and we continue to focus on building diverse portfolios that can weather this short-term environment while delivering you strong returns over the long term.

Now, in regard to sustainability, our work in relation to environmental, social and governance factors is continuing. We believe that sustainability in investment portfolios is crucial to their long-term success. We embed sustainability in our portfolios in a number of ways, which will continue to evolve and allow us to improve our approach.

We examine the expected impact of climate change in our asset allocations under multiple scenarios and we include the approach to sustainability as a key factor in determining whether to hire or fire investment managers. Once we hire an investment manager, we continue to engage with them both directly and via our investment advisor to ensure they maintain their approach to sustainability and make changes where there is room for improvement.

This time last year I mentioned we had made an investment with Palisade Impact, a fund that's looking to invest in projects targeting energy efficiency, digital equity, and minimising waste. We were one of the early investors in Palisade Impact and we are a member of the Fund's Investor Advisory Group Committee.

Of our $50 million commitment, just over 40% has been deployed in under a year. Palisade Impact's most recent investment was in May 2023 to Pure Sky Energy, a leading developer, owner and operator of US community solar and storage projects. It is indicative of the opportunities available to make good returns while positively addressing climate risk.

Our investment focus, in our video presentation last year, we discussed that we focus on building diverse portfolios. It is worth recapping for you here tonight. Our portfolios are built to be robust over a range of market conditions and to deliver strong returns over the long term.

Our three core investment principles are diversification, leveraging the equity risk premium and taking a level of risk that's appropriate for our members.

Firstly, as I mentioned, while 2022 was a tough year, our diversification helped limit the downside. Compared to 2022, during the first half of this year, we've seen a strong rebound in investment performance with our international equity returns up around 18%, to 30 June 2023.

As a result, over that period, our balanced growth option has returned 5.9%. While there were ups and downs in markets, what remains important to us is our focus on a longer term investment horizon where over 10 years, the option has delivered 7.2%.

Whilst the impact of higher interest rates and inflation have started to impact the valuations of our unlisted Australian property investments, the decline in property returns this calendar year to date of 2.5% have been more than offset by the positive returns of our credit investments at 5.3% and infrastructure of 4.1%.

Towards the end of 2022, we approved the appointment of three new global credit managers. We've got Insight Investment Management, a high yield strategy; Blue Bay Asset Management, targeting emerging markets and Wellington Management, a US securitised credit market strategy as part of our continued focus to improve the diversification and the resilience of our investment options.

Our second strategic principle; the equity risk premium is the belief that investors will be rewarded over the long term for the risk of investing in shares compared to very low risk investments like cash.

As you can see in the chart on screen, the top three lines are US, Australian and International shares and they have all outperformed other investment classes like property and cash over the long term, despite the occasional significant market fall along the way.

It is worth remembering it is extremely difficult to predict exactly when the Stock Market will go up and down. That's why staying invested over the long term is widely considered the best approach.

Whilst we view equities as a key contributor to member outcomes over the long term, this does mean that falling stock prices will impact members' balances in the short term. Whilst the media headline focuses on market falls, ultimately the risk you face is not just short term volatility, but the long term risk of not having an income at retirement that meets your needs.

We believe that the best way to balance these short and long term risks is to stay invested in shares but limit the downside by diversifying.

Our third principle is that we invest at a risk level appropriate for our members. Our aim is to achieve long term returns for you in line with our investment objectives and also that place us in the first and second quartile, whilst recognising that rankings can shift up and down in the short term.

We believe in balancing investing for strong returns with taking an appropriate amount of risk. As I covered earlier, the average age of an ANZ Staff Super member in our accumulation section is 46, which we need to take into account with our investment decisions.

So we are committed to taking an appropriate amount of risk for our members, which is why our balanced option is structured the way it is. That's our default option and where most members are invested.

From a Member Services perspective, in October 2022, our cost of death and total TPD cover was reduced by 9.1% for employee, personal and partner members, further strengthening our position at the top of the rankings for providing the most cost effective death and TPD insurance premiums for members in the employee section.

It's not just the cost of insurance that matters. Members need to know that their insurer will be there when they need them and we've paid out more than $8 million in claims on average over the past five years.

Our 50+ members started receiving regular communications from us to help members navigate from accumulation to pension when that time comes.

Now, moving forward. I am really excited to announce that we've entered into an agreement to transition our Member and Administration Services to Link Group. This is an exciting initiative for members, as we think Link is the right partner to make our Member Services offering even more engaging. This is a significant and complicated project and we are planning on the transition being completed in mid-2024.

Following on from that, we will also be working on a shift from weekly to daily unit pricing in the second half of 2024 and we'll be working with our administrator to deliver an app in 2024 as well, and that will make it much easier for members to engage with us.

More information on these exciting projects will be provided throughout the transition.

From a regulatory perspective, the third, Your Future Your Super performance test for MySuper products will be released shortly. We comfortably passed that test in 2021 and 2022, and we are confident of a similar result when we get the news later this month.

All right, now it's time for your questions. There is still time for you to submit a question now. Just click in the ask a question box below the video and type in your question. Natasha will read them out for us.

There were a number of questions that had quite similar themes, so Tash will read the first six questions and I'll provide a response that addresses them all over to you, Tash.

Natasha Carter:

Thanks Paul. What have been the learnings from the past year's poor performance and what actions are being taken to improve?

With equities increasing off the back of still high inflation, increasing interest rates and low unemployment, how is the Fund positioning itself for the next year?

Performance over the past year was ranked in the third quartile, which is a poor result. What were the reasons for this and what is being done to ensure improved performance going forward?

Performance is disappointing over the short and longer term. Third, over every time period for the balance fund is substandard. Promoting low fees is all very well, but net return to members is what really matters. What steps are being taken by the Board and its management to improve performance and what is ANZ Staff Super fund doing to lift its performance?

Paul Rosam:

Thanks, Tash. We know how important performance is to our members and we thank you for your questions. You may recall we surveyed members last year and 63% of respondents listed investment performance as what members wanted us to focus on above all else.

Before we get to the rankings, can I highlight that the investment objectives of the balanced growth option are to maximise returns over the long term whilst accepting a moderate degree of performance variability and to exceed inflation or CPI on average by at least 2.5% per annum over rolling 10 year periods. This has well and truly been achieved.

Now, these relative rankings move around quite a bit. In June 2023 our 10 year rankings were all first or second quarter. We do agree third quartile over the longer term is not where we aim to be with regard to our peers.

The speed and magnitude of monetary tightening in 2022 was among the most aggressive in history, which had a significant downward effect on equity markets. Many funds benefit from a greater investment in unlisted assets such as property and infrastructure, which didn't get devalued immediately in line with equity markets.

Some of these funds have up to 25% of their fund invested in these assets, while we had about 8%. Now, we haven't rushed to significantly increase investments in these assets as they're now devaluing but have made some tactical purchases at good discounts. In addition, we've increased our credit allocation to take advantage of the interest rate environment.

Finally, by staying the course with our equity investments, we benefitted with our international equity returns up around 18% in the six months to 30 June.

Natasha Carter:

Thanks, Paul. A member has asked, why don't you have more investment options?

Paul Rosam:

Look great question. A fund such as ours carefully considers the structure of our investment options to cater for the needs of our members and working for their best financial interest.

It is simply not optimal to have significantly more investment options. It's worth remembering though, you can have any combination of the four options we offer if you wish to customise your investments.

Natasha Carter:

What is the scheme doing to ensure we achieve great returns into the future?

Paul Rosam:

Look, we are constantly reviewing our investment strategy, seeking the best ideas from our investment consultant and managers to ensure our investment options exceed their individual investment objectives, which for our three mixed options is a rolling 10 year period.

In addition, we challenge our managers to provide us with the best value for money as fees reduce the overall return to you.

Natasha Carter:

Please provide some comments about how the funds' fees compare to peers and what is being done to continually drive this lower

Paul Rosam:

Look, in the Chant West June 2023 Super Fund Fee Survey for our employee section invested in our default investment option, balanced growth, we ranked number one for a dollar balance of $25,000 and $50,000 and number three for a balance of $250,000 out of the 77 major Super funds in Australia. We are a low cost fund providing value for money Super that's in our members' best financial interest.

Natasha Carter:

A member would like to know are there any plans being considered to discuss and potentially offer older full time employees insurance cover in their superannuation? Currently, once a person reaches 65 years, they are excluded from insurance within superannuation.

Paul Rosam:

Look, we currently have no plans to make significant changes to our insurance arrangements. We understand our age limits are pretty common in the industry.

Natasha Carter:

Given the scheme's size and considering the benefits of scale when it comes to fees dealing with increased regulatory burden, broader investment opportunities, etcetera, what are the Trustees' thoughts on the benefits and likelihood of a merger? If you were to seek a merger partner, would it be with another profit for member scheme?

Paul Rosam:

Thanks Tash. Great question. We're always looking for optimal strategies for members' best financial interest, but at the moment there are no current plans for us to merge. If a merger was contemplated, then we'd be obligated to ensure the merger would be in members' best interest.

As we've discussed, our fees are exceedingly competitive, which is just one reason why we're optimistic about our future.

Natasha Carter:

Will expected returns over the next two years surpass the last financial year?

Paul Rosam:

Look, that's a great question. This is a standard disclaimer in superannuation that past performance is no guarantee of future performance. That being said, the one year return to June 2023 significantly exceeded the one year return to June 2022. As we discussed, we're investing over the long term to secure the retirement goals for our members.

Natasha Carter:

Thanks Paul. What are your expectations in terms of growth recovery over the next 12 months given the poor result of the last full year?

Paul Rosam:

Look, the year to 30 June numbers have been very encouraging with positive returns, but we remain cautious. As we've seen it doesn't take much for the markets to change direction as recent events have shown.

Natasha Carter:

Are there any plans to introduce the ability for members to select an investment strategy outside of the current cash, cautious, balanced, aggressive, such as a percentage in ESG funds?

Paul Rosam:

No, there are no current plans to increase the number of investment options in the fund. Last year we conducted a survey to gauge interest in a separate ESG investment option. The survey showed that the number of members who would use the ESG option and the amount of money they would invest was quite low. So currently it just doesn't justify the setup expense and ongoing cost to support that investment option.

Natasha Carter:

A member would like to know the safest option for Super through a collapse. If we use cash 100%, what is the interest rate as ANZ is paying 4.65% currently. Can we get that in our Super? Can it be locked at the Bank's highest rate?

Paul Rosam:

Our cash option currently earns interest at the official cash rate plus 60 basis points. As at 30 June 2023 that's 4.7%. As you'd appreciate, rates on offer and deposit sizes vary between retail and wholesale investors, but any funds that you invest in the cash option will receive this rate.

Natasha Carter:

Is there a definitive timeframe for introducing daily unit prices? We need commitment from the Fund's management. This was raised in our first annual meeting two years ago, and we have not seen any progress.

Paul Rosam:

As I mentioned earlier, we're working on a move to daily pricing in 2024. We understand some members are keen to see this and work has been going on behind the scenes. We needed our custodian to upgrade their accounting system, which has now just been finalised in the last month. So we expect to be ready to go once we finish our administrator transition.

Natasha Carter:

Thanks, Paul. A member has asked, if I die, are my beneficiaries guaranteed to get my Super balance?

Paul Rosam:

Look, members have two options for nominating how you'd like your benefit paid in the event of your death. Number one, a non-binding nomination, or number two, a binding nomination. The people you're able to nominate usually include your partner, your child, or any other person who is or was financially dependent on you.

If you don't make a nomination, your benefit will be paid to your dependents and/or your estate.

Natasha Carter:

Why can an investment switch only be done weekly and why is there an approximate one week lag after an investment switch decision is made before the investment switch is affected? This results in significant market risk. Could ANZ Staff Super please enable daily switching with no time lag, please?

Paul Rosam:

Yes, indeed. We look to have daily pricing introduced in 2024.

Natasha Carter:

Thanks, Paul. Could ANZ Staff Super please provide more detailed performance history of its investment options so that members can see more historical unit price and/or performance data over time?

Currently, only yearly data is readily available and more detailed price and/or performance data over time would be beneficial, including daily or weekly data and by selecting time periods over which to review the data. Could this please be provided in easily downloadable format?

Paul Rosam:

We provide yearly returns for the last 10 years on your annual statement, and we include them in the Annual Report. Historical unit prices are available on the website as far back as 2001.

Natasha Carter:

Could ANZ Staff Super please provide the composition of its investment options split into asset classes and fund managers and the performance of each in detail?

Paul Rosam:

Our performance holding disclosures are indeed available on our website. In there is a listing of each of the investment options investments held by asset class. Including performance of each manager in holding disclosures is not something we would consider nor as a rule do other funds. To do so could lead to potentially commercially sensitive information being released, resulting in unintended consequences.

I direct members to page 15 of our Annual Report that also lists our investment managers and the asset class they invest in.

Natasha Carter:

A member has asked why does access to account availability keep dropping out?

Paul Rosam:

Thanks for your question. Our website host told me that website availability over the last 10 months was 99.45%, which on the face of it seems a pretty good outcome, but we'll reach out to this member to get more info so that we can diagnose the issues that they've had.

Natasha Carter:

Is there any consideration being made to changing investment switching from weekly to daily?

Paul Rosam:

Yes, indeed. 2024.

Natasha Carter:

Thanks, Paul. Please rate how the superannuation fund performed in terms of annual return on investment compared to other funds and industry benchmarks. How does ANZ Staff Super intend to improve the fund's performance in the forthcoming reporting period?

Paul Rosam:

Look, great question. Over the last 10 year period to 30 June 2023, we achieved first quartile for aggressive growth and cash and second quartile for balanced growth and cautious. More importantly, we continue to comfortably exceed each of our investment option objectives.

Natasha Carter:

Is there a financial planner to review my Super and anything to put in place for retirement planning?

Paul Rosam:

Yes, indeed. All members have access to general or limited personal financial advice about options available within ANZ Staff Super. You can call us over the phone and this is at no extra charge. Please call us on 1800 000 086 if you'd like to talk to a financial advisor.

Natasha Carter:

How do we compare with leaders that win all the awards like Hesta, Australian Super, Aware, etcetera? A table would be nice.

Paul Rosam:

Look, our performance stacks up against our broad group of peers. Some of the most prominent industry funds have been near the top of the rating surveys for some of the reasons we discussed earlier, including taking more risk, and having more illiquid assets, which didn't get devalued immediately, in line with equity markets.

The ATO's YourSuper comparison tool, on their website, list MySuper products, their performance and fee levels. When you open it up, you'll see it's automatically sorted on fees, with ANZ Staff Super listed second, with $279 per annum in fees, only behind the Australian Retirement Trust, which is listed at between $260 and $425 per annum.

Natasha Carter:

A member has asked, what is the outlook for full year – financial year '23, '24 and beyond?

Paul Rosam:

We've seen significant increases in interest rates, and it remains to be seen how successful this will be in bringing inflation down, without leading to a recession. So far, this has been a painful experience, with many asset classes performing poorly across the industry, with interest rates rising.

Having said that, very low interest rates are not great for savers, which is what our members are, and for quite a while, we had interest rates below the rate of inflation. If inflation is brought under control, and interest rates stabilise at a level that is higher than the emergency rates we've seen over recent years, this actually could be quite positive for the long-term returns for members.

Natasha Carter:

A member has asked a similar question to us last year, when will ANZ super fund have an app for easy access? Is there a further update?

Paul Rosam:

Yes, indeed. We're looking to make available an app for members to use in 2024.

Natasha Carter:

A member would like to know the process of transition to an annuity payment for those 60 plus years or more?

Paul Rosam:

We don't have an annuity, as such, in our product offering. We do offer either a transition to retirement or an account-based pension with very competitive fees. Access to these will depend on whether you've reached your preservation age, and your current employment status. For more information, and the process to commence a pension, please call us on 1800 000 086.

Natasha Carter:

How is ANZ performing in the market, and at what age can we access funds?

Paul Rosam:

We've discussed performance pretty extensively, and, as I've mentioned with the last question, access to your super generally depends on whether you've reached preservation age, and your current employment status, however, there are some circumstances where you could access your super account earlier. For more information, give us a call.

Natasha Carter:

Thanks, Paul. Please provide a breakdown of asset classes invested into the aggressive growth investment option. Are instruments like derivatives included in here? Or where can one access this information?

Paul Rosam:

On our website, on the section, view scheme documents, we have our portfolio holdings for 2022 that sets out that breakdown of asset classes by investment option. Now, as for derivatives, we don't directly invest in derivatives such as futures and options, but we do engage a specialist investment manager to use forward exchange, forward contracts for currency hedging.

In addition, investment managers may use derivatives in managing portfolios for us. Derivatives are used to reduce risk, reduce transaction costs, and as a really efficient way of gaining exposure to certain asset classes.

Natasha Carter:

A member has asked, when will my super make up the funds it lost last year?

Paul Rosam:

Pleasingly, in 2023, there's been a recovery in financial markets, and by 30 June the losses from 2022 have nearly been fully recovered.

Natasha Carter:

What are the criteria to select a fund management panel? For example, performance, consistency, benchmark, etcetera?

Paul Rosam:

The investment managers we appoint go through an extensive due diligence process, to ensure they have the appropriate skill and expertise. The due diligence also includes legal, tax and operational reviews. In addition, our asset consultant Willis Towers Watson, review the managers and take into account a range of factors, including the calibre of the people, the depth of the resourcing, strength of the investment process, performance culture, and alignment with the investors.

Natasha Carter:

A member has asked for a detailed analysis of what rate of return the balance growth segment has achieved for the year ending 30 June '23, and why the achieved rate is not more than 10%, and where the achievement is, when compared to market leaders' rate of return?

Paul Rosam:

As surveyed by Rainmaker, our balance growth option, after fees and tax, returned 8.04% for the year to 30 June 2023, whereas the market leader for that period topped the rankings with a 13% return, its larger weight to equities being a key differentiator. That said, our performance matched or bettered many funds.

Natasha Carter:

A member has asked, why our returns are consistently lower than industry average, like UniSuper?

Paul Rosam:

As we've talked about, our performance stacks up pretty well against our broad group of peers. Some of the most prominent industry funds have been near the top of ratings surveys recently, for reasons discussed, including taking more risk, and more illiquid assets, which haven't yet been devalued in line with equity markets.

Natasha Carter:

Can super be used to invest into a business? Also, can it be invested into purchasing shares, stock, on the stock market, via e-trade account, or individual choice?

Paul Rosam:

Oh, look, I'd suggest you talk to a qualified financial planner if you want to discuss other options to invest your super.

Natasha Carter:

Thanks Paul. Superannuation schemes from other countries, such as Canada, have invested heavily in Australian agriculture. Is there any appetite to apply the same thinking to investing long term in farming?

Paul Rosam:

We're always looking at ways to diversify our portfolios, but currently, a direct Australia agriculture exposure isn't under consideration.

Natasha Carter:

What is the best option, to go for highest return, but safer risk?

Paul Rosam:

Oh, I can't answer question without giving advice. I'd remind members that they have access to general or limited personal financial advice about options available within the scheme. Give us a call.

Natasha Carter:

How do you justify current executive remuneration in alignment to the Fund's performance and economic environment, noting several increases in the cash rates?

Paul Rosam:

The management team are all ANZ employees. Our remuneration is decided in the same manner as other ANZ staff, taking into account performance and market competitiveness.

Natasha Carter:

What are some of the future investment areas that members' funds will be invested in?

Paul Rosam:

Our insurance strategy is formally reviewed on an annual basis, but we're constantly looking at alternative strategies as they arise, to ensure we're acting in members' best financial interests.

Natasha Carter:

Is ANZ developing a user friendly app for ANZ super?

Paul Rosam:

Oh yes, indeed. We plan to release it in 2024.

Natasha Carter:

Thanks, Paul. I have been exceptionally loyal to ANZ, even once I moved to other banks, albeit the past few years have been quite dismal and disappointing, whilst other super funds have outperformed ANZ and under the same risk and investment strategies and categories. I still have my accounts at ANZ for over 30 years, including shares and mortgage.

I hope I'm able to attend this meeting. I have already spoken a few times to the super customer service, which does not represent much, and the outcome is not at all convincing. I do not feel that ANZ is well desired in the industry, given the unsatisfactory performance of the fund, albeit still making billions in profits.

Paul Rosam:

I think is more a comment than a question, but we thank the member for your observation.

Okay. So, they are all the pre-submitted questions. Now, over to your questions that you submitted tonight.

We're just waiting for the technology to catch up. Murphy's Law. It appears we have some ghosts in the machine, and we just might take a little longer to get the questions out.

[Music]

Paul Rosam:

Okay, at this stage, we've got five questions, and we're just waiting for them to scroll through. If anyone has any further questions, by all means, click the box.

All right, it looks like we've got the first question. Tash, over to you.

Natasha Carter:

Okay, thanks, Paul. Approximately what percentage of the aggressive option shareholdings would be the high performing tech stocks, like Meta, Microsoft, Apple, et cetera?

Paul Rosam:

That's an excellent question, and one that I'm going to take on notice, and put, with our responses, on the website, over the next month. Next, Tash.

Oh, the screen's gone blank again, so, we might just wait another minute for the rest of the questions to come up.

Paul Rosam:

All right, it looks like we're almost good to go. Tash.

Natasha Carter:

Each year I ask the same question. When the fund will be open to our other family members, beyond spouses?

Paul Rosam:

At this stage – we did some investigation some time ago, to see if we could expand into allow other family members to join the fund. Unfortunately, it was too cost prohibitive, to set up additional options. So, we didn't proceed, and we'll keep an open mind, but it's not likely to be something we move ahead with over the next couple of years.

Natasha Carter:

Thanks, Paul. Are the three management staff noted employed by ANZ, and do they work exclusively for ANZ Staff Super?

Paul Rosam:

The three of us that are listed, and are the responsible managers, 95% of what we do is for ANZ Staff Super, with a small percentage of activities we do for ANZ, but keen to point out that that which we do for ANZ Staff Super is paid for by ANZ Staff Super, and when we work for ANZ, ANZ fund that amount.

Natasha Carter:

Thanks, Paul. Does the fund provide members access to financial planners to assist with planning issues?

Paul Rosam:

Oh, most definitely, yes, and we would love our members to avail their services more often, so, please give us a call, if you'd like advice with your holdings on ANZ Staff Super.

Natasha Carter:

Thanks, Paul. The Staff Super website is in need of an update - basic features like graphs for balance changes, are there updates planned?

Paul Rosam:

Yes, indeed. With our transition of administrator, we'll also be getting a refresh to the website out of that, so, keep your eyes open for changes over the next six to nine months.

Natasha Carter:

Thanks Paul. Is there a presentation that accompanies the discussion, as I don't see anything other than a static page?

Paul Rosam:

No, this is largely a video event, but we will provide a detailed set of minutes and a video of the event, plus a transcript, as well, for you to review afterwards.

Have we got any more questions?

It looks like we have three more. Just waiting for them to scroll up. Technology is taking a little while. Okay, we've had that question. All right. The technology, unfortunately, has failed us, so, any additional questions that are being submitted, we'll take on notice, and we'll publish, along with all of the others.

So, on that note, I'd like to thank you all for taking the time. I'd like to thank Janet, for her time, and Tash, and the Board and management, for their assistance in putting this together. So, thank you all. Good night.

End of Transcript

Additional Questions not answered at the meeting.

Question:

Are we keeping up with the swift changes in the market and investing sufficiently into Artificial intelligence (AI)?

Answer:

We are always monitoring the economic landscape to ensure that our portfolios are well-placed to deliver returns to members. We also employ active managers who are able to react quickly to reposition their investments in response to changing market conditions.

Through our passive equities investments, we have broad exposure to Australian and global equities markets, meaning we are well placed to benefit from improvements in artificial intelligence through both the technology sector itself and the potential economy-wide improvement in productivity that artificial intelligence could provide. In addition, our active equities managers are looking to find the best opportunities through individual companies, while being mindful that hype around AI could lead to inflated prices for some companies/sectors.

Question:

Not a question but well done to you and the team!

Answer:

Thanks for the feedback

Question:

What differentiates ANZ Staff Super from other funds? Excluding performance, in what ways is it a better fit for ANZ staff?

Answer:

The key difference between ANZ Staff Super and other Super funds in that it is run by ANZ Staff who have an intimate knowledge of the needs of ANZ staff and easy access to members to road test ideas, while at the same time ensuring that the 'value for members' philosophy is maintained. While the benefits of membership in ANZ Staff Super are outlined in the Employee Section in Detail PDS on our website, some of the features that set us apart and reflect our knowledge of ANZ staff are:

- Not for profit - ANZ Staff Super is a not for profit super fund that offers an accumulation-style account only for ANZ employees (and past employees who remain with us) and their partners
- Low fees -In the Chant West June 2023 Super Fund Fee Survey, For our Employee Section invested in our default investment option, Balance Growth, we ranked:
  - –Number 1 for a $ balance of $25K and $50K, and
  - –Number 3 for a $ balance of $250,000, out of the 77 major super funds in Australia.
- Low-cost Death and Total and Permanent Disablement (TPD) insurance cover – Members receive a 45% rebate on the cost of Death and TPD insurance.
- No Buy/Sell fees on investment options
- Equal Representation - There are eight directors of the Trustee – four appointed by ANZ and four elected by members.
- Access to a low-cost account based pension at retirement

Question:

The Member Login Member balance has at been incorrect on occasions. Is there an issue with the Member account details section of the website?

Answer:

Our technical team are investigating, and we will reach out to this member to discuss.

Question:

I find it difficult to adjust my contributions via ANZ pay to maximise the concessional allowances – can the fund put instructions as to how to do this on its website

Answer:

Instructions for ANZ employees to start, amend or end voluntary contributions can be found on PeopleHub via this link https://anztech.service-now.com/esc?id=kb_article_view&sysparm_article=KB0556716

Question:

Where on the ANZ Super website are risk measures for each of the funds published?

And how are ANZ Super's risk numbers (by fund) compare to the industry?

Answer:

Our 4 investment options provide a range of risk and return profiles that members may choose from. As noted in our earlier responses, we carefully consider the structure of our investment options to cater to the needs of our members and working for their Best Financial Interest. Members can have any combination of the 4 options we offer if you wish to customise your investment risk and return profile. The standard risk measures for Aggressive Growth, Balanced Growth, Cautious and Cash options (which are set out in our product disclosure statements), are 'High', 'Medium to High', 'Low to Medium' and 'Very Low' respectively.

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