

2021 ANNUAL MEMBER MEETING Q&A



General advice warning

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ANZ STAFF SUPERANNUATION (AUSTRALIA) PTY LIMITED
(the Company/Trustee) as Trustee of ANZ Australian Staff Superannuation Scheme (ANZ Staff Super)
Annual Member Meeting – Q&A
Held via live webcast on Tuesday, 24 August 2021 at 5.00pm.

Questions and answers:

Paul Rosam advised members about the process to submit questions and noted that answers to questions would be placed on ANZ Staff Super's website within the next month.

Paul responded to questions which had been submitted by members prior to the meeting and questions asked during the course of the meeting.

1. Instead of unit prices can you create an intuitive graph or monthly performance table, like the ASX?

We will investigate whether this can be incorporated into the ANZ Staff Super website.

2. What investment strategy is used and which economies are funds invested in? Is it only in the Australian economy, or international as well, such as in the US, and emerging economies?

- ANZ Staff Super takes a careful approach when it comes to managing your money. We focus on investing in diversified, long-term, high quality value for money investments, that provide an array of different sources of return to help deliver smooth returns. This is an approach that takes into account the risks and the rewards of investing.
- To the second question, it varies by option, with the exception of cash. Slightly more of the fund is invested in international markets, with 46% invested in Australia, and 54% in international jurisdictions, including 3% with a specialist emerging market investment manager.

3. How do we get access to financial planners to discuss investment strategy and get recommendations?

Members can contact our limited advice financial planners via the ANZ Staff Super call centre. The number is 1800 000 086. Advice specifically on your investments in your ANZ Staff Super account is provided by the limited advice financial planners, at no additional cost to you.

4. Can we have an ethical investment option or a sustainability option?

ANZ Staff Super looks to enhance the ESG credentials of all of our investment options, as we believe investment strategies that have enhanced sustainability characteristics will deliver superior overall investment returns for our members.

The scale required to create a new option, which has a well-diversified portfolio, without needing to be subsidised by members in other options, is a major equity challenge. Also, the challenge in defining what is ethical, given every member could have different views, has been a key driver in us focusing on embedding ESG in all our options, as an investment approach.

However, as I mentioned earlier, we'll have another look, and price what new option or options would cost members, to determine the viability of increasing the number of options we offer.

5. As a well performing and low cost corporate superannuation fund, will our ANZ Staff Super fund be under any pressure from APRA to merge with other funds to meet the arbitrary \$30 billion target size?

On an annual basis, the Trustee is obligated to consider whether continuing on as a standalone entity is in members' best interest. The areas we focus on includes investment returns, fees, insurance premiums and member services. Whilst we remain competitive in these areas, we would expect to continue as a standalone fund. Having said that, the rapid consolidation of the super industry is expected to continue and we need to factor that into our decision making.

6. Please comment on relative performance and asset allocation of this fund versus other top decile performers.

Those funds that were top decile for investment performance in 2020 had greater exposure in their balanced options to international and Australian shares and therefore benefitted from the strong equity growth in the last eight to nine months of 2020.

7. What is the Trustee doing for environment and social governance investments/sustainable investments?

ANZ Staff Super monitors its investment portfolios to investigate ways they can be more sustainable whilst delivering performance in terms of investment returns and fees paid. For example, we've looked at our investment framework and processes to see how we can better assess the ESG of our investment decisions. We've been looking at ways we can tilt our large core passive investments into strategies that will benefit from ESG tailwinds as economies transition into lower carbon settings. Our largest international share investment of \$800 million is targeting net zero greenhouse gas emissions by 2050.

We explored moving the balance of our passive international share fund of around \$1 billion into a sustainable share fund that included a fossil fuels screen. Unfortunately, the performance metrics didn't stack up so that specific project was shelved, but we will continue to explore further opportunities as they arise.

Targeted investments in individual strategies that will help transition to lower carbon. Notably, we were a founding group of investors in a European energy transition fund, SUSI Partners, and we work directly and through our asset consultant to engage with investment managers to ensure their operations and strategies have the appropriate focus on ESG with the belief that it brings better risk-adjusted returns.

ESG is a key factor when we select managers and we expect that to continue or that focus to increase in the future.

8. What is the outlook for the aggressive unit? What percentage return can we look forward to?

COVID and subsequent events highlight just how uncertain forecasts can be. As the effects of COVID took hold in early 2020, the actual returns achieved by year-end at 31 December would have surprised many and vastly exceeded expectations as market crashed around the world during quarter 1 of 2020. What I can say is that the return objective for Aggressive Growth is for CPI plus 3% over the long term.

9. How do the Trustees reconcile the conflict of interest between having Willis Towers Watson (WTW) as your consultant and having such a huge international equities allocated to one WTW product? Which other products were considered and what made the WTW product so superior that it overcame the conflict?

WTW is our asset consultant and also runs the Global Equities Focus Fund, or GEFF, as we call it, in which we're invested. However, the two areas are run independently. The structure of GEFF uses an outsource model. Whilst the Australian dollar domiciled investment vehicle is managed by WTW, the underlying investment decisions are taken by 10 active equity managers.

These sub-managers are selected for their specific expertise in share investing across global equity markets. There were other managers offering similar investment strategies and we also considered directly investing in managers using WTW's advisory research. We prefer this approach: the breadth of managers, the best ideas, the governance and oversight provided by the WTW solution.

The things that outweighed the concerns of the conflict with a WTW strategy were that the WTW product was less costly and more focused. Importantly, one of the key strengths of the WTW product was that the firm and its capabilities are well known to management and the Trustee. Also, WTW has a very detailed understanding of ANZ Staff Super's structure and investment strategy preferences.

ANZ Staff Super is able to independently assess the performance of the underlying managers and their attribution to a GEFF. We employed an additional resource in our management team to take on that oversight role. Whilst WTW maintains responsibility for ensuring the individual managers keep to their specific mandate, and for monitoring implementation.

We are very conscious of conflicts and address these along the way and we do so on an ongoing basis.

10. In the diversity sector, which BlackRock strategy is involved. Is it Style Premia?

The diversity strategy was BlackRock Style Advantage but we redeemed our investment in full during March 2021.

11. What will the Trustees do about the international equities allocation to Vanguard, given their decision to exit the superannuation business?

In 2020, Vanguard had announced plans to stop offering customised products called segregated mandate accounts. However, it continues to offer the broad investment strategy used by ANZ Staff Super. As with all our investments, we continue to monitor Vanguard and any investments from the change in business direction.

12. Why don't we have the option to just invest in low-cost index funds?

The reason for that is we don't believe that that would deliver the best financial outcome for our members as it would not be as diversified and wouldn't provide access to areas such as unlisted property or infrastructure.

13. If a non-binding nomination for whom my superannuation should be distributed to, in the event of death means the Trustee Board do not need to act as specified, where does my superannuation fund go to?

A non-binding death benefit nomination is where a member nominates the beneficiary or beneficiaries they would prefer to receive their benefit in the event of their death. The nomination is not binding on the Trustee, however the Trustee will use the non-binding nomination as a guide when determining whether to pay a benefit to their dependants and/or their estate and the proportions to be paid to each recipient.

The Trustee will carefully consider the nomination provided but it has the sole discretion in deciding who will be paid the death benefit from the alternatives allowed by ANZ Staff Super's Trust Deed and superannuation law, i.e. to their dependants and/or to their estate.

14. How do I get my super balance online?

Members can access via our website www.anzstaffsuper.com. You will need your member number and password. If you need to have your password reset, call us on 1800 000 086.

- 15. When will additional investment options be added to give members more control of their asset allocations and, any thoughts on the introduction and timing of additional investment options, in particular a moderate option, 50/50 growth and defensive asset mix? When will ANZ Staff Super members have access to more investment options?**

ANZ Staff Super will consider the number of options it has and whether it makes sense to increase that number. It is worth noting members who are looking to customise their portfolio from a risk perspective can select any combination of each of the four premixed options. You're not limited to just one of the options.

- 16. I would like to check the historical trend of my fund value. At present, there is no feature that lets me do that. We only have annual statements. With markets being so volatile, we should be able to review how the fund is reacting to changes. Could we please create a way for account holders to get this historical view?**

A great suggestion. We'll look to see whether that can be incorporated into the ANZ Staff Super website.

- 17. In today's volatile markets, I should be able to make quick changes to my investment strategy. At present, any change in investment strategy takes two weeks to take effect. This is not ideal, given markets can move significantly in that time period. I want to know what can be done and has the fund considered reducing the time required for members to switch between different growth options?**

The Trustee believes that super is a long-term investment and our current weekly unit pricing cycle is consistent with that. Having said that, throughout 2021 we've been in discussion with our service providers to see whether a switch to daily unit pricing would be a cost-effective change to consider in 2022 or 2023. So, potentially there'll be more to say on that subject down the track.

- 18. Are there any plans to give members greater transparency of where their money is invested? For example, what is my exposure to insurance companies, gambling, Nuix, coal, BNPL or crypto? This should be simple to achieve by aggregating a daily feed from the fund managers. Protecting members from seeing daily volatility would be a poor answer.**

Regulators have established some obligations in relation to improved portfolio reporting to members which have been delayed due to the impacts of COVID-19. Our initial focus is on meeting these obligations, which will improve the transparency all super funds provide to members.

- 19. How are the ANZ Super Trustees addressing the growing ethical investment choices, investment in old fossil fuel industries, coal mines, etc? If members wish to avoid these investments in their super choice, how is this achieved practically? What impact to investment returns would this have? Has the ANZ Super Trustee addressed this issue?**

As I've talked about earlier, we look to enhance the ESG credentials of all our investment options, as we believe investment strategies that have advanced sustainability characteristics will deliver superior overall returns for our members. As part of that process, we stress test the portfolio for the impacts of climate change and engage with investment managers where there are elevated exposures to carbon in their portfolios to ensure they are managing the risk return dynamics of their holdings.

Exclusions are one method at our disposal for managing sustainability risks but we're mindful that the transition of the global economy to net zero will require companies to transition their business models. So, from our perspective, it's as much about how companies adapt and improve as their starting point.

- 20. Is there a plan to be able to get our super balance on ANZ internet banking and/or on the ANZ app?**

We have had initial discussions with ANZ about enabling access to ANZ Staff Super via the ANZ app. In the meantime, members can access the ANZ Staff Super website on a mobile device but we certainly appreciate an app would be much more convenient for members.

- 21. How are performance fees payable to investment managers determined?**

Performance fees are payable to a number of infrastructure and equity managers. They're paid where performance exceeds clearly defined benchmarks. It's worth noting that fees including the structure of performance fees are a key consideration when appointing managers as we pride ourselves on being a low cost fund.

- 22. Why is the financial advice provided by Mercer or ANZ not endorsed by the Trustee?**

The financial advice provided isn't endorsed by the Trustee because the Trustee is not actually providing the financial advice. Any advice a member may receive via the limited advice call centre, for example, is provided by the Mercer financial planner operating under Mercer Financial Advice Australia Pty Limited's licence.

- 23. Where is my super being invested and the outlook for the next five years in terms of performance for the portfolio forecasted?**

Regarding the first part of the question, our pre-mixed investment options have a diversified mix of assets and geographic exposures managed by high quality investment managers to help minimise return volatility and provide strong long-term returns.

Of the pre-mixed options, the Aggressive Growth and Balanced Growth investment options are underpinned by a majority weight to shares. Whereas the Cautious option may expose your risk to fixed income products.

As to the next five years, current events highlight just how uncertain forecasts can be. As the effects of COVID took hold the actual returns achieved by year end at 31 December would have surprised many and vastly exceeded expectations as the markets crashed around the world during the first quarter.

What I can say is the investment objective of our Aggressive Growth, Balanced and Cautious options are to exceed CPI by 3%, 2.5% and 1% respectively.

- 24. Where are our investments and how they are doing?**

As we discussed, our previous mixed options are underpinned by a majority weight to shares in the Aggressive Growth and Balanced Growth option and fixed income products in the Cautious option.

25. Is there any benefit of paying more towards super than the normal percentage set?

The Trustee recommends members get financial advice to help determine the right level of contributions taking into account their own personal circumstances.

26. Are there any initiatives in place to ensure that our super is invested in only green and ethical organisations? I do not want my Super invested in the fossil fuel industry.

As we talked about, we look to enhance the ESG credentials of all of our investment options as we believe investment strategies that have enhanced sustainability characteristics will deliver superior overall investment returns for our members.

Our investments are not currently structured to accommodate investments in only green and ethical organisations.

27. What is the yearly return rate?

The net investment returns for our investment options for calendar year 2020 were Aggressive Growth, 5.0%; Balanced Growth, 3.9%; Cautious 3.5% and Cash 1.0%.

28. How does ANZ Staff Super fund's performance compare with others like Australian Super that showed a near 20% return last year, according to recent media reports?

Our investment returns for the 12 months to June 2021 were very competitive. Aggressive Growth returned 23.6%, Balanced Growth 17.1%, Cautious 7.7% and Cash 0.8%.

29. How is ANZ Staff Super going to meet increasing demand for renewable energy sector investments? How will the fund meet consumer preferences to lower its global emissions footprint?

We continue to look to identify and implement investment strategies that will aid the global transition to lower carbon emissions. This can be evidenced by my earlier remarks where in 2020, we were a founding investor in SUSI Partners, a European energy transition fund and our large \$800 million investment in a global share fund that's targeting net zero greenhouse gas emissions by 2050. We recognise the energy transition is an attractive theme and we also have a number of infrastructure investments that are also looking to benefit from this theme.

30. How can we continue to invest in ethical investments?

ANZ Staff Super looks for opportunities to improve the investment sustainability across all of our options as we believe this will deliver better outcomes for all rather than create a separate standalone ethical investment option. Having said that we will have another look at that.

31. Do we invest in coal?

A number of our investments are in large unit trusts that are designed to track global and Australian indices. As a result those trusts invest in the thousands of companies that make up each index, which will include some companies with some of their revenue earned from coal.

32. How will the latest COVID lockdowns affect Super earnings?

Whilst ANZ Staff Super has investments across the globe, we do believe COVID lockdowns will impact markets and economies. However, their magnitude and overall impact on earnings is uncertain.

33. Please explain the streamlined structure of the fund for members and to explain the number of personnel which I understand is small.

ANZ Staff Super operates largely on an outsourced basis. The core management team or the Trustee office oversees the work provided by our administrator, our custodian, asset consultant and of course our investment managers and supports the Trustee by overseeing member communications and education, compliance and governance, and statutory requirements. The core management team or the Trustee office comprises 8.6 FTE.

34. Please explain the assessment process of investments for the fund.

Investments undertaken by ANZ Staff Super go through a number of reviews to assess their suitability, including a skill and capability review by the asset consultant and also by management.

Areas covered include strategy, the quality of investment professionals, alignment and approach to sustainability. Separate due diligence reviews covering the areas of tax, legal and operations and then consideration and approval by first the Investment Committee and then the full Board.

35. How do you assess external third parties that manage funds on your behalf?

Investment managers are subjected to detailed due diligence reviews to assess the manager's suitability and also the underlying investment strategies from a tax, legal and operational point of view.

36. I was recently sent a survey. One of the questions was about opening up our scheme to additional people, I assume, non-ANZ employees, or indeed merger. As you may be aware currently our spouses can become members. I would request you and the Board to give serious consideration for our children, many whom would be adults initially be offered membership in the same way as our spouses have this opportunity. Long term this would give significant benefits to our scheme. Accordingly, my question is the Board considering opening the scheme to our children. If so, what is the timeframe for implementation? By the way, a merger does concern me.

Yes, ANZ Staff Super is not a public offer fund so there would be legal and regulatory implications that would need to be investigated. However, the Trustee Board will give this some thought.

37. As a new member to ANZ Super, what can I expect from ANZ Super and how beneficial would it be to me?

ANZ Staff Super is a well-run, 'profit to members' super fund with consistent investment performance, low fees and charges, that's simple and easy to use. Its operation is overseen by a Trustee Board made up of equal number of employer appointed and member elected representatives. We ensure that all decisions made are in the best interest of members.

38. What details should I consider to consolidate my super to ANZ if I decide to move my previous super to ANZ Super?

Any decision to roll over your super from another account is based on your personal needs and financial situation so you should seek the appropriate financial advice and refer to the current product disclosure statement for ANZ Staff Super before making any decision.

39. Is there a plan to enhance the engagement of the super fund member with their fund? For example, develop a series of education, online seminars and a mobile app for the users?

We do have a series of educational videos available on our website at www.anzstaffsuper.com. We've commenced discussion with ANZ to see if we can get members to access ANZ Staff Super via the ANZ app.

40. I am keen to understand when my advisor will be able to deduct advice fees from my Super account? Why the reluctance to build this capability?

This is a great question. ANZ Staff Super currently has an arrangement in place where members who choose to receive comprehensive personal advice from an ANZ financial planner have the option to have the one-off fee for this advice deducted from their ANZ Staff Super account in so far as it relates to their super with ANZ Staff Super.

Similar arrangements are not available more broadly and ongoing fees can't be deducted. Following the Royal Commission into misconduct in the Banking, Super and Financial Services industry, the Government has introduced a number of reforms, which restrict the ability to deduct financial advice fees from super accounts.

As well as being concerned about such fees inappropriately eroding members' retirement savings and the potential for fee for most service issues to arise or inappropriate advice to be provided, there are also costs for building and maintaining a broader capability as well as the governance and oversight arrangements expected by the regulators. These considerations need to be weighed up when deciding whether it would be in the best interests of ANZ Staff Super members to build such a capability. In keeping with us seeking to be a value for money fund focused on achieving strong outcomes for our members, building such a capability is not a priority for us at this time.

We note that ANZ Staff Super members are able to access general or limited personal advice options about options available within ANZ Staff Super over the phone for no extra charge as we feel that this service is more likely to benefit a broader section of the membership.

41. With increasing focus on ESG in investing the Staff Super fund has taken some initial steps to provide limited information to members about the impact of where their funds are invested, in things that matter to members such as sustainable supply chains, renewable energy, fair labour laws, etc. Can you please advise what further steps will be taken to provide members with more choice about where funds are directed, such as the establishment of a sustainable option or similar?

We've talked about what we do to enhance our ESG credentials, and as I mentioned previously, the scale required to create a new option which has a well-diversified portfolio without needing it to be subsidised by members in other options is a major equity challenge. However, having said that, we will have another close look based on the feedback from our members, and price what a new option would cost to determine the viability of increasing the number of options we offer.

42. How does the ANZ Staff Super fund compare against other leading super funds, how to justify an increase in fees despite performance not being market-leading?

Our performance has been strong with consistent first and second quartile investment performance. Our account management fees and insurance premiums are close to or the lowest cost available in the market and have reduced for most options in the last year. We're a profit-to-member fund so our fees represent the cost of running the fund and underlying manager and service provider costs, and we retain our focus on delivering strong outcomes with low fees.

43. What was the feedback from the recent member survey? The fund has performed well, are the Trustees interested in sharing their researched investment opportunities with members?

I am pleased to report that we saw an increase in the member loyalty score as well as an improvement in member perception of our financial performance with members' overall satisfaction remaining stable. Feedback from satisfied members centred around our solid performance, our low fees, and good insurance options, and a belief the fund was making the right decisions on investments. We also received feedback on areas to improve including requests for an app, improved digital experience and for daily investment switching, all things that are under consideration.

As for the second part of the question, there are risks with this suggestion so we need to take care with sharing research with members as it could be construed as advice that doesn't take into account personal circumstances. Additionally, most if not all investments we consider are only accessible to institutional investors. Thirdly, any information provided would be point in time only, creating risks around timeliness of information, for example the whole investment team and the manager could leave and the fund redeems its investment, but would a member know this?

44. Since the Federal Government released the benchmark list of all super funds, ANZ Staff Super can be seen to be outside the top 10 performing funds over five to 10 years. What is the Board doing to improve returns for members?

Rankings will jump around over time and will be driven a lot by the amount of risk taken. ANZ's member demographics are not the same as every other fund and there are some funds with very young cohorts where higher risk in a MySuper option makes sense. There are different risk options that members can choose which helps individual members have breadth in how much risk they take. The fund is continually looking to improve its investments whilst keeping fees low.

45. Why do you charge an extra fee for a consultancy service?

Under the current legislation, ANZ Staff Super can provide members limited financial advice, also called scaled or intra-fund advice, about their superannuation account with ANZ Staff Super at no extra cost. This would normally include advice regarding their ANZ Staff Super account such as investment choice, how much insurance to have, but not ongoing advice or advice on matters outside of their ANZ Staff Super account. The fees for full-service financial advice are what's paid to ANZ financial planner for full service, not to ANZ Staff Super.

The following questions were submitted during the meeting

46. I believe that currently if I submit an investment change after 5pm on a Thursday, the change is not effective for 13 days. Is there a way we can shorten the time for asset allocation changes to take place?

Yes. This is similar to a previous question. We are looking at whether our weekly unit pricing cycle, which is the issue at hand, is still fit for purpose, and we are talking with our service provider to see whether that can be changed in future.

47. Will our investment options be updated to include sustainability investment options, or will more clarity be provided with the current investments and how "green" they are?

We've mentioned that we are going to consider additional options and we are looking to improve the amount of information that we provide to our members moving forward.

48. What impact will stapling have from 1 November?

Without having a crystal ball, I would suggest that it's likely to not materially change the number of new members that we get, because ANZ's approach as an employer is to ask new employees to select a super fund, and stapling impacts only those employees that don't select a fund. All new employees to ANZ are effectively selecting a fund now.

If I was to forecast, I would suggest the overall net change will be a benefit to us because people are less likely to leave ANZ Staff Super when they finish at ANZ and they're no more or no less likely to join ANZ Staff Super when starting employment at ANZ than they are now.

49. How did ANZ go with the new super performance test under Your Future, Your Super?

We haven't seen the official results. They're going to be delivered I believe next Monday and there should be plenty of press about that, and I'm reluctant to make a prediction on that. Keep your eye on the press; there will be plenty of it next week on that subject I would expect.

50. You mentioned you see ESG concerns as key to long-term returns. Can you support this view, for example, with reference to funds' past performance and how do you see Australian mining from an ESG perspective?

Firstly, with respect to the Australian mining from an ESG perspective part of your question, we use a mix of passive and active managers in Australian equities, so we do have exposures to mining. Australian mining is a large and diverse industry, with the Materials sector making up around 20% of the ASX 300 by market capitalisation. All three of the components of ESG (environmental, social and governance) are key in assessing the long-term value of companies in this sector and these will impact different sub-sectors of the mining industry in different ways. We expect our active managers to assess factors including social licence, the risk of stranded assets, the impact of the energy transition (which varies significantly based on the type of mining in question) and company governance when analysing each company. In addition we expect our managers to engage with individual companies around their approach to ESG as part of their stewardship of our investment to ensure any negative ESG related impacts on returns are minimised if not eliminated. Our manager engagement has occurred across the environmental, societal and governance aspects of ESG. Most recently our managers have engaged directly with RIO regarding their interactions and impacts on traditional owners following the Juukan Gorge incident. Also with AMP on its high profile harassment cases and corporate culture.

Secondly, on the subject of ESG and long-term returns. There are a number of references that support the view that better ESG practices / outcomes support longer term returns. We refer you to:

1. Clark, Feiner, Viehs. *From the Stockholder to the Stakeholder*, University of Oxford, Arabesque Partners, 2014. This used research from Clark, Viehs. *The Implications of Corporate Social Responsibility for Investors*, 2014.

- Based on more than 190 sources
- "90% of the studies on the cost of capital show that sound sustainability standards lower the cost of capital of companies"
- "88% of the research shows that solid ESG practices result in better operational performance of firms"
- "80% of the studies show that stock price performance of companies is positively influenced by good sustainability practices"

2. Hoepner, Oikonomou, Zhou. *ESG Engagement in Extractive Industries: return and risk*, 2015.

- Uses the data from Hermes EOS milestones as part of their engagements in the extractives sector - 167 engagements with 56 companies that were broadly split across environmental, social and governance issues
- Companies that were the target of engagement generated an average outperformance of +4.4% per annum and were associated with a lower risk profile relative to similar companies. Those that implemented strategies to deal with issues highlighted by the engagement process outperformed those that simply acknowledged the engagement efforts.
- Further, those companies that responded negatively to attempts at engagement significantly underperformed other engaged companies

51. Can you please update fund performances on the website more often?

Our reporting frequency matches our pricing system and can't be shortened. Our unit price information is published on a weekly basis and our relative investment returns are published on a monthly basis.

52. Is there a risk or plan for ANZ Staff Super to merge or to be taken over by another fund?

As we talked about, there was discussion by the departing APRA member responsible for superannuation with a personal view that funds needed to be \$30 billion to be productive, or to be competitive I believe is the term. There are other views that suggest that a niche fund such as ANZ Staff Super can continue to survive and thrive in the current environment and into the future. As far as we're concerned, we have market-leading fees, competitive investment returns, there's no reason why we can't continue to compete and stand alone on an ongoing basis.

53. Why most of the time is the website is down when we log in? The page may be down for scheduled maintenance or the servers are having trouble communicating?

Yes, I log onto the ANZ Staff Super site regularly and it is certainly not down that often. However, any member that goes onto the ANZ Staff Super website and finds that it is not up can email me personally and I will chase it up because that's one thing that I am particularly keen on. It's hard enough getting members engaged with their superannuation without technical difficulties preventing that. So, if at any time any members are having trouble getting onto the ANZ Staff Super website, let us know.

54. Will the fund pass the APRA performance test effective 1 July? When will you know?

We expect that that information will be in the public domain next Monday, or Tuesday. So, keep your eye on the press; most of the superannuation industry will.

55. Any thought being given to introducing additional investment options such as a moderate fund or equity funds?

Thanks for your question. I think we've talked about that. There will be consideration on whether or not we create an additional investment option.

56. What has been the investment return for the Balanced Growth, and Cautious options for the first six calendar months of 2021?

Investment returns for the 6 months to 30 June 2021 for our investment options were:

Aggressive Growth	10.1%
Balanced Growth	7.4%
Cautious	3.1%
Cash	0.4%

57. Is ANZ Staff Super's MySuper option on track to pass the Your Future, Your Super performance test this year?

There seems to be a lot of questions, a lot of interest in this. What I can say is I've talked about the strong returns that ANZ Staff Super has delivered over recent years. So, given that I've mentioned that so often, you might draw a conclusion that I feel really confident about the news that's going to come out on Monday.

58. What if a death benefit nomination is no longer a super dependant? Who does the Trustee pay the death benefit?

For superannuation purposes a dependant is defined in the *Superannuation Industry Supervision Act* (SIS Act) which is reflected by the definition of a dependant in the ANZ Staff Super Trust Deed. Therefore whether you make a non-binding or binding nomination, to be eligible to be nominated as a beneficiary, a person must meet the definition of "dependant" under the Trust Deed and Rules – that is, the person must be: your spouse (legal or de facto); your child (minor or adult and including step, adopted or ex-nuptial child); any other person who, in the opinion of the Trustee, is or was financially dependent on you; or any other person who, in the opinion of the Trustee, satisfies the definition of dependant under superannuation law (including "interdependency relationships"). Unlike a dependant under the *Tax Act* an adult child is still considered a dependant for superannuation purposes, however tax may be payable on the amount of death benefit paid to an adult child.

If a nomination of beneficiary either binding or non-binding is no longer valid your benefit will be paid to your dependant(s) and/or your estate as determined by the Trustee.

For more information refer to the 'In detail' booklet applicable to your membership section available on the ANZ Staff Super website.

59. Are we planning to invest in crypto markets?

No.

60. Does the Trustee Board currently have any female representatives? Is there a plan to introduce females to the Trustee Board?

Most definitely we have female representatives. Margot Dargan, Janelle Mason and Anne Flanagan. We have always had female representatives and we, like many others, believe that diversity is a strength.

61. Does the ANZ Staff Super Plan allow withdrawals under the First Homes Super Saver Scheme (FHSSS) provisions?

Yes.

- 62. I think ANZ funds has done a wonderful job, but I have found in the past, service side of the fund has been below par. It takes time to answer some emails, two to three days. If you ask a question, it's another two to three days. I know my wife made a complaint in June 2020. They did call in September and said they would revert and we're still waiting. That's probably why the fund is low cost. I think this meeting is wonderful.**

The response to the member's spouse originally sent 21 September 2020 has been resent following the meeting.

- 63. The answers given in regards to ESG are vague with no timeframes or commitment to comeback to members? How about listening to your members and committing to be transparent and committed to a firm timeframe for the assessment of an ESG option.**

Yes, thanks for your comment. We'll take the feedback on board.

- 64. Can ANZ Staff Super be closed down by government agencies due to underperformance? If so, even if members don't want the government interfering in their affairs?**

Certainly. If ANZ Staff Super doesn't meet the performance test as prescribed by APRA, that comes with fairly serious consequences. So yes, if we don't pass that test there will be consequences and the future of the fund wouldn't be assured. But as I've talked about, our returns have been strong over a long period of time, so that would be a sign that we're not expecting to fail that test. But it is technically a possibility.

- 65. Do Industry Super want to put ANZ Super out of business? Does the regulator love us?**

I wouldn't think Industry Super are necessarily looking at us and looking to put us out of business. We have a very good relationship with the regulators and that's important to us.

- 66. Why do I need to do a binding nomination for my beneficiary?**

It is not necessary to complete a binding death benefit nomination of beneficiary, however, if you do make a binding death benefit nomination you nominate a beneficiary (or beneficiaries) to receive your benefit in the event of your death and, within certain parameters, the nomination is binding on the Trustee. The Trustee would be required by law to pay your benefit to your estate and/or your dependant(s) as nominated by you. The definition of a dependant in the ANZ Staff Super Trust Deed is your spouse (legal or de facto); your child (minor or adult and including step, adopted or ex-nuptial child); any other person who, in the opinion of the Trustee, is or was financially dependent on you; or any other person who, in the opinion of the Trustee, satisfies the definition of dependant under superannuation law (including "interdependency relationships").

A non-binding death benefit nomination is where you nominate the beneficiary (or beneficiaries) you would prefer to receive your benefit in the event of your death. This nomination is not binding on the Trustee. However, the Trustee will use your non-binding nomination as a guide when determining whether to pay the benefit to your dependants and/or your estate and the proportions to be paid to each recipient. The Trustee will carefully consider the nomination you provide but it has the sole discretion in deciding who will be paid your death benefit from the alternatives allowed by ANZ Staff Super's Trust Deed and superannuation law (i.e. your dependants and/or your estate).

For more information refer to the 'In detail Product Disclosure Statement' applicable to your section of membership available on the ANZ Staff Super website.

- 67. Compared to the other top superannuation funds, how does ANZ Staff Super fare in terms of size, number of members and size of funds, equity market share?**

There are very many super funds with differing sizes. In terms of cost and investment returns, we're competitive but there is a wide range of size within the superannuation industry. Some behemoths much bigger than us and some a little bit smaller than us as well.

- 68. Why has it taken 20 years for the unit price of the Aggressive Growth option to supersede the unit price of the Balanced Growth option when looking at the comparative strength of the investment markets over that time?**

Unit pricing started in 2001 and the key reason for the pricing movements of Aggressive Growth v's Balanced Growth has been that the Aggressive Growth option with its higher exposure to international shares has been more adversely impacted by key market events including the Dot.com crash of the early 2000's then the GFC and now from COVID.

- 69. Is the Trustee planning to change its administrator? When does the current admin contract expire?**

At this stage there are no plans to change its administrator. The current contract is due to expire next year, so we'll be doing some work to give consideration for our needs for the next contract. So consideration about whether to stay with the current administrator will be part of that.

- 70. Did APRA engage with industry when formulating the underperformance benchmarking methodology?**

There was some consultation. It largely had been decided but there was certainly some consultation and there were some changes around inclusion of admin fees and also whether the admin fees for the most recent period were used rather than the average over the period of time for the benchmarking test.

- 71. Has there been any thought given to making the fee structure more equitable and fair for members with high account balances, to ensure that in dollar terms high account balances are not subsidising members with low account balances?**

I'm not sure that I agree with that. It's worth noting that account management fees are capped at \$500,000. So anyone with a large balance, their fees are capped on the first \$500,000, which I think would cover the issue that that member is talking about.