

# Questions & Answers

August 2024

## Pre-submitted Questions & Answers

Similar questions have been grouped together and answered collectively.

### Question 1:

**Nigel has asked if a post-implementation review of the member administration transition was conducted, what the findings were, and what benefits came from switching providers. He also asked when the website will be fully functional.**

### Question 2:

**Nita asked when the new website portal for ANZ Staff Super will be completely available to review our plans, etc.**

### Question 3:

**Piyanut has asked for a timeline on the new online services, as they are still waiting for mobile app access and insurance information hasn't yet migrated to the new website.**

We are currently completing a post-implementation review that will assess the project against key measures like cost, quality, timeliness, and member experience. This will help ensure lessons learned are applied to future projects—not that we're planning to change administrators again anytime soon! Given the high-risk nature of the project, the Board requested three progressive audits, with the final audit now underway. So far, no major issues have been identified.

As a super fund, we are required to act in the members' best financial interest. The new service provider contract offers significant cost savings and improved service. This provider is also investing

heavily in system upgrades and enhanced capabilities, offering an expanded financial planning service and enabling us to deliver a new app.

We have the new website, Member Online, and the Member App. The website (Member Online) was fully operational when launched on July 31 2024. Several features of Member Online have been rolled out post-launch. All members can now view their 2023 statements, and pension members can generate their own Centrelink schedules. Insurance information was migrated as part of the transition, but there has been a delay in making insurance data available to members while final reconciliations were completed. I'm pleased to share that members will be able to see their insurance information in Member Online in the coming days.

The member app is undergoing final user acceptance testing and then needs to be approved by the Apple and Google stores before release.

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### Question 4:

**Nigel asked for transparency on what are the % FUM costs are for an actively managed fund and FUM costs for insurances.**

Our investment costs are publicly available and are published in our Product Disclosure Statements for both our accumulation and pension options. Specifically, for the accumulation options the investment costs are:

- Aggressive Growth: 0.423% per annum
- Balanced Growth: 0.464% per annum
- Cautious: 0.365% per annum
- Cash: 0.015% per annum

These rates are among the lowest in the industry, and we're proud of that.

Our insurance premiums have been rated externally as the lowest in the market for employee members and among the lowest for personal members.

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#### Question 5:

**Nita asked a question regarding TPD and Disability Insurance: "Am I alone covered, or does it cover my husband and son too?"**

Under superannuation legislation, a super fund can only provide benefits to members or their dependents upon the member's death. Therefore, insurance coverage under ANZ Staff Super is limited to the member.

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#### Question 6:

**Carmelina asked: "On our superannuation website, we used to be able to input information to get predictions and indicators on what our super would be in the future, depending on contributions. What happened to that functionality?"**

#### Question 7:

**Wesley stated: "The new calculator provided as part of the new website is materially weaker in terms of its 'what if' scenarios compared to the previous one. What's being done about this?"**

#### Question 8:

**Justin said: "The recent website upgrade saw the removal of what I thought were industry-leading calculators. A quick comparison with the functionality of other super providers shows that their tools are more nuanced than what ANZ currently offers. Firstly, why was the functionality changed, and will the current functionality be enhanced to once again be leading edge?"**

We recognise that some members miss the availability of a robust retirement income calculator on Member Online, as it's an important feature. However, in the interim, members can access several publicly available calculators, including those from moneysmart and the Association of Superannuation Funds of Australia.

We're working with MUFG to deliver a new self-service digital advice platform that will provide members with the ability to generate their own estimates and scenarios.

A statement of advice covering contributions, investments, and insurance, including implementation instructions, will be provided. More information will be shared ahead of the digital advice launch.

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#### Question 9:

**David asked: "Will the new mobile app or platform allow us to swap investments in real-time (immediately) rather than waiting sometimes nearly a week for the change to take effect? This delay can cost money especially when swapping between equity-linked investments into cash and vice versa."**

Members are able to lodge switching requests via Member Online. When the first version of the app is released, however, this version will not have an integrated switching function and will direct members back to Member Online to make the switch.

Historically, we have operated on a weekly unit pricing cycle, and we are in the process of transitioning to daily unit pricing by the end of the year. It's important to note that the new system will not support live switching based on intraday market movements, as a significant portion of the funds we invest on your behalf are in managed funds, which results in a two-day lag in pricing. More detailed information will be shared with members as we implement this change.

**Question 10:**

**Sonia asked: "With the current volatility of the stock markets and uncertainty of Japan and the United States, what is ANZ doing to protect our super?"**

**Question 11:**

**Slav asked: "I would be interested to hear about the safeguards/controls with regards to extreme market events which may wipe out the super earnings. Additionally, does the fund intend to invest into crypto markets and which rules will safeguard those investments."**

Market volatility undoubtedly increases uncertainty, and we are always focused on how it impacts our members. Our new investment beliefs aim to ensure downside protection while also leveraging market opportunities when conditions are favourable. A key part of this strategy is portfolio diversification, which helps spread risk across different asset classes and investment types.

We offer a range of diversified portfolios with varying risk profiles, allowing members to choose one that aligns with their risk tolerance and financial goals. Whether members are looking for long-term growth or prefer to make short-term adjustments, we provide the flexibility to switch between options. By the end of the year, we'll also introduce daily unit pricing, allowing for more frequent adjustments to portfolios.

Diversification has proven effective in reducing risk, and our recent annual investment strategic review involved scenario analysis and stress testing to ensure our portfolio is protected. We're confident in the liquidity we can offer, even in extreme circumstances.

As for cryptocurrencies, they are not currently part of our investment scope. However, our ongoing review of investment beliefs has expanded the range of opportunities we may consider. Any investment decision is made with careful attention to risk, and we ensure that protective structures and compliance measures are in place. Our goal is to strike a balance, delivering performance in both up and down markets.

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**Question 12:**

**David asked: "Can you provide more investment options, such as Australian shares, international shares, and Australian property? The current offerings are too broad, and it would be helpful to have a more speculative option where a smaller percentage of available funds, such as 10%, could be allocated."**

**Question 13:**

**Helen asked: "Will there be another review of the opportunity for ANZ Super members to choose ethical investment options as part of their portfolio?"**

We regularly review our investment options to ensure they align with what's in the best financial interests of our members. This means looking at the fund as a whole. One of the key considerations is the cost of setting up new investment options and ensuring they are sustainable in the long term.

Our approach to cost efficiency and sustainability plays a critical role in these decisions. For this reason, we're confident in the current four investment options, but this is by no means a final decision. We'll be conducting surveys where members will have the opportunity to express their preferences, and we will consider making adjustments if needed.

To give you an example, a few years ago, we conducted a survey to assess interest in establishing a separate ESG (Environmental, Social, and Governance) investment option. While a number of members indicated they would use the option, the volume of assets was not sufficient to make it a sustainable choice for the fund.

We continually review what's in the best interest of all members, and while we believe the four options we currently offer are the right balance, we remain open to future adjustments based on member feedback.

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#### Question 14:

**Claire asked: "How can ANZ Staff Super justify not merging with the recently announced mergers of Qantas Super into ART and Telstra Super, which is also considering options? ANZ Staff Super will be the last major corporate super scheme left. It seems subscale and in net outflow, which will only be exacerbated when stapling comes in. What competitive advantages do you think ANZ Staff Super has that make it worth not merging? Because I can't see any."**

That's a question we regularly ask ourselves, and it's crucial as we always consider the best interests of our members. However, scale isn't just about assets under management. One of the core elements of our value proposition is the support we receive from our parent, ANZ Group. ANZ is one of the last corporates in Australia to view super as part of its employee engagement strategy.

Our account management and investment fees are among the lowest in the industry. Our insurance premiums, as we've discussed, are significantly lower than many others, and our investment returns are largely meeting objectives. But this is not a "set and forget" situation—we are always reviewing our strategy.

We must also meet regulatory requirements, which means we are prepared to act if necessary. However, we strongly believe in the value we provide. Just because other corporate funds are making different decisions doesn't mean we need to follow.

We often hear about "mega funds," but many market analysts suggest we may end up with a barbell structure, where both large and smaller funds coexist. At \$7 billion, we are not small by any means. As long as we can continue to deliver the best outcomes for members and maintain our value proposition, we will.

If the time comes when we can no longer provide that value, we will explore the right options. But for now, we believe we're in a strong position. We review this situation regularly.

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#### Question 15:

**Troy asked: "I would like to raise the issue of allowing partial commutations which in turn do not impact the members existing insurance within the fund. The current rules are limiting and in my opinion outdated."**

Under the current insurance arrangements if an Employee Section member makes a portability payment or chooses to direct their contributions to another superannuation fund they lose their insurance cover.

This is a condition of the current insurance policy and couldn't be altered without agreement of the insurer and a price impact that would increase premiums for all insured members.

Under the current arrangements members can reapply for cover, subject to underwriting, after 12 months.

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#### Question 16:

**Margaret asked: I've noticed that ANZ Staff Super still uses an activities of daily living definition for TPD for anyone not working at least 15 hours per week. Most other funds allow for periods of unemployment up to 16 months for unrestricted TPD. My question is when this will be updated, given it's been nearly five years since ASIC highlighted its poor value for those not eligible for unrestricted TPD.**

Our group life insurance policy is reviewed periodically, with the next review happening next year. TPD definitions under that policy are under discussion and will most certainly be front and centre in the review for 2025.

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#### Question 17:

**David asked: "Can you please provide an update on the measurement and reporting of emissions (Scope 1, 2 & 3) within the investment portfolio?**

**Has there been any commitment to targets or pathways such as those set out under GFANZ or NZAOA?**

**If this has not yet been considered, will you commit to reporting back on this at the next annual member meeting?"**

We have committed to net zero by 2050 and are working through this goal through a range of approaches. We're looking at making investments in sectors that help reduce global emissions and engaging proactively with our investment managers.

On the monitoring side, we've steadily broadened out the data that we assess, starting with listed equities and scope 1 and 2 emissions, and now including broader listed portfolios and scope 3 emissions. Our focus at this stage is on making sure that we're collecting the data that's useful for our decision-making and ensuring that we meet our regulatory obligations.

Some examples include, Pure Sky Energy, which has solar farms in the US via the Palisade and Palisade Impact portfolios. We also have investments in electric vehicle charging infrastructure in Norway, Germany, and Sweden via the Elloway investment in our Suzie portfolio.

These are just some of the things we're looking at. But maybe the other thing to highlight is that we recently, at one of our investment committees, were briefed on how we look at measuring sustainability in the portfolio on a total look-through basis, where our priorities should be in terms of getting value for money, and how we appropriately assess sustainability.

This will be part of our consideration in terms of providing more ongoing reporting on that back to our members.

## Live Questions & Answers

### Question 18:

**Is the calculator being reinstated on the new site?**

We are working on providing a calculator at least as good as the previous one based on member feedback.

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### Question 19:

**When will the TPD definition be updated to remove the activities of daily living as recommended by ASIC and APRA over the past five years?**

The definition will be part of the review in 2025 with our insurer.

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### Question 20:

**Is there any chance to bring the AMM closer to the end of the financial year or hold a second one?**

We are discussing this, taking into account regulatory requirements and the need for timely information.

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### Question 21:

**How is the sustained third quartile performance for the quarter considered acceptable?**

We aim to be above median, but the focus is on absolute returns. We are aware of the challenges and continue to work on improving performance.

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### Question 22:

**What measures are in place to protect member benefits?**

We leverage ANZ's information security protocols and cybersecurity measures to protect member benefits.

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### Question 23:

**The ANZ share price has not grown in five years. Is it appropriate that it has such a controlling stake in our fund? Maybe the funds should be managed by a body that is better equipped to do so.**

We can only speak on behalf of the fund itself. Having a strong parent is part of its core proposition. That's the benefit we believe we work very closely with the ANZ Group to provide as part of its employee proposition. I can't comment further from an ANZ perspective.

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**Question 24:**

**If the average age of members is 46 years old, are you attracting younger members, or do they choose to place their money elsewhere?**

The ageing demographic impacts all super funds. We are targeting performance to what's right for our members.

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**Question 25:**

**What's the performance year to date?**

I will take that question on notice and publish it on the website. We will also write personally to the member who asked the question. The numbers have just come in recently, so I don't have them updated.

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**Question 26:**

**What are the major reasons for the Cautious Option's below-average performance in the quartile for all investment periods outlined earlier?**

The combination of a lower interest rate environment and a relatively low weighting towards Growth assets has impacted performance for this option. We hear your concerns and will make it a focus in our next investor update.

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**Question 27:**

**Are you able to share the names and breakdown of funds and managers for each investment option to**

**assist members in deciding the investment allocation?**

We will get back to the member who has asked this question and consider adding this information to our investment communication to help others.

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**Question 28:**

**Is there a management fee if the fund performance is negative?**

Yes. Investment managers charge fees regardless of performance. We focus on net investment returns after fees and tax and consider long-term performance on a risk-adjusted basis.

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**Question 29:**

**When will members' insurance cover and benefits be visible on the online site?**

We expect this to be available very soon, within the next few days. We'll have more information shortly.

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**Question 30:**

**You've spoken about updated investment principles. Why were these not made available to members beforehand for consideration and discussion?**

We are working on getting the updated investment beliefs up as soon as possible. We are open to discussing any matters further and will provide details as soon as we can.

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**Question 31:**

**Is there any chance we can bring the AGM closer to the end of the financial year?**



We will consider this. Our reporting year is a calendar year, but we will look into it.

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**Question 32:**

**Regarding emissions, can you confirm that you have no short or medium targets for emission reductions within the investment portfolio, with only a 2050 net-zero target?**

We don't currently have short or medium-term targets explicitly, but we are working on this in detail.

We hear you that 2050 is a long way away, but we need to make sure we're meeting our regulatory requirements and delivering the information you're after. There's more work needed in this area.

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**Question 33:**

**Is ANZ Staff Super planning to offer education webinars or seminars for members during 2024-25?**

Yes, we are looking to improve our member engagement, and educational webinars are a key part of that effort.

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**Question 34:**

**During the GFC, I lost around 30% of my fund balance. How agile are our funds?**

We have an executive investment team that operates beyond the routine investment committee. We work with investment advisers and adjust strategies as needed during extreme stress. We undertake liquidity and stress testing to ensure we can meet portfolio needs and respond to market declines. We focus on delivering long-term results.

**Question 35:**

**Does sustainability affect fund performance?**

Sustainability considerations do not come at a cost to fund performance. We aim for net positive outcomes with our investment decisions. Sustainable portfolios generally show minimal performance differences.

**Important notice:** (Important Note) In preparing this document the Trustee has not taken into account the investment objectives, financial situation and particular needs ("financial circumstances") of any person. Accordingly, before acting on the advice contained in this document, you should assess whether the advice is appropriate in light of your own financial circumstances and consider contacting your financial adviser. This document and interests in the ANZ Australian Staff Superannuation Scheme ("Scheme") are issued by ANZ Staff Superannuation (Australia) Pty Limited. You should consider the relevant PDS before making a decision in relation to a financial product.