

2024 Annual Members' Meeting Transcript

August 2024

Janet Torney, Chair

Welcome to the 2024 Annual Members Meeting.

We are 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 are 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 by people like you.

Our Trustee board has eight directors: four elected by members and four appointed by ANZ. The people who manage ANZ Staff Super are ANZ employees and members too.

Let's take a look at the benefits of ANZ Staff Super membership.

Our size and focus on value for members mean low fees, and low fees mean more of your money is 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 December 31.

We do this by investing in diversified, high-quality, value-for-money investments. We maintain a favourable long-term position 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 our members - protecting your interests and improving your financial well-being.

We consistently top the charts in how independent super agencies rate our fees and costs, as well as our death and total and permanent disablement insurance cover premiums.

Our employee personal and retirement sections have all received a AAA rating from Rainmaker..

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

Welcome, everyone, and thank you for joining us for this annual Members Meeting of the ANZ Staff Superannuation Fund.

My name is Janet Torney, Chair of ANZ Staff Super and I am your host for today's meeting.

In the spirit of reconciliation, I would like to make an acknowledgment of country. I acknowledge the traditional owners of the land, the Wurundjeri and Boon Wurrung people, as custodians of this land, recognizing their connection to land, waters, and community.

I pay my respect to Australia's First Peoples and to their Elders, past and present.

I would also like to extend my respect to and welcome any guests joining the meeting today.

Today's agenda includes my reflections on the past year, a presentation on investment and member experience by Paul Rosam, and an overview of ANZ Staff Super and your membership.

The focus of the meeting is on the 2023 year. We'll also discuss events of 2023, including the very significant transition that has just occurred.

When we sent out the notice of this meeting, we invited you to submit questions. Thank you to all those who have already done so. You can still submit questions at any time during the meeting by clicking on the questions box.

Your questions will be visible only to the presenters. We will endeavour to answer all the questions. If your question relates specifically to your own account or circumstances, one of our team members will get back to you after the meeting to address the matter.

Now, a key disclaimer: the content of today's annual Members Meeting is general only and doesn't take into account your personal financial circumstances. We request that you read and consider the relevant product disclosure statement before making any decisions regarding your superannuation.

I'd like to start by introducing you to the people of ANZ Staff Super, the trustee with overall responsibility for your super fund. These leaders are all in attendance today.

With me here in the office or joining online are my fellow directors on the ANZ Staff Super Board. The member-elected directors are Rob Sparrow, Glenn Phillips, and Rebecca Noonan. Our ANZ-appointed directors are Margot Dargan, Anne Flanigan, and Daniel Tarraran.

Also present is our executive team, led by Paul Rosam. Paul oversees and coordinates all operations of ANZ Staff Super. He is ably assisted by Megan Currie, Head of Risk and Governance; Angeline Mahwendepi, Head of Finance; Monique Bate, recently appointed Head of Member Experience; Ruwanie Dias, recently appointed Head of Investments; and Jo McKinstray, Program Director.

Finally, we are joined today by our key service providers: Maria Trinci from KPMG, our fund's auditor, and Chris Porter from Willis Towers Watson.

Now to my reflections on the past year. I'd like to start by thanking you, our members, for trusting us to manage your retirement. It is a responsibility we take seriously. We understand that trust needs to be earned every day, and our commitment to earning your trust drives everything we do.

This commitment has never been more relevant as we continue to support our members through this volatile and transformative time.

To begin, I will outline who we are and how we act to deliver on your best financial interests, followed by a brief overview of the fund's progress.

As trustee, ANZ Staff Super has the overall responsibility for acting in the best financial interest of fund members. Being the corporate superannuation fund for ANZ, we not only have the backing, infrastructure, and support services, but we also share the values and ethos of the ANZ Group.

ANZ's purpose is to shape a world where people and communities thrive. At ANZ Staff Super, we strive to create a world where our members thrive.

ANZ's values are to be honest and fair by speaking openly and transparently, making thoughtful and balanced decisions, doing what's right, and acting with courage. These values also underpin your superannuation fund.

Our operating structure consists of a two-tiered system: our governing tier with the Board and its committees.

The operating tier, which comprises the team that undertakes the work to achieve the best possible income for your retirement savings, is essential to our function.

We have always maintained a strong standalone governance framework through our board and committees, with governance remaining a key priority. It's an area where we continually strive for improvement. The job is never done.

As noted in the opening video, your Super fund board is composed of four member-elected directors and four ANZ-appointed directors. There are several board committees that handle a significant portion of the board's underlying work. Over the last 12 months, we have introduced a Member Experience Committee, which joins the existing Investment Committee, Risk, Audit and Compliance Committee, and the Claims Administration Subcommittee.

At this time, I would like to acknowledge and thank Adrian Went and Janelle Mason, who recently retired as directors of the fund after six and three years, respectively, of dedicated service and significant contributions to our members and the fund overall. We look forward to updating you on the new member-elected director in the near future.

The operating tier of ANZ Staff Super is led by Paul Rosam and includes the Group Superannuation Department. This team has dedicated functions, acts independently, and has a direct reporting line to the ANZ Staff Super Board, as well as a reporting line to ANZ's Talent and Culture Division. The team ensures that everything we do is in the best financial interest of our members, which is our primary focus.

Several teams have been established within the Group Superannuation Department, including a new Member Experience team introduced this year. This team works alongside those responsible for investments, risk and governance, finance, operations, and people.

Given the complexity of managing superannuation, ANZ Staff Super also leverages expertise within the ANZ Group and works with a number of external service providers. Outsourced responsibilities include member administration and services, master custody, investment management, and technology.

I would like to thank and acknowledge Rob Gill, ANZ Staff Super's Senior Manager of Investments, who retired in July this year after 10 years with us. We appreciate his deep dedication and significant oversight of the investment of members' assets.

In addition to continuing to deliver competitive long-term investment performance, low fees and costs, and market-leading insurance with low premiums, it was agreed that over the next three years, we would focus on delivering a stronger member experience, reviewing and articulating the fund's value proposition, and ensuring the efficient use of our reserves for the benefit of all members.

Implementation of these strategic initiatives has been included in our strategic business plan.

Let me now turn to the fund investments. I'm giving the overview, and Paul will go into more detail.

The last 12 to 18 months have continued to be very challenging for you and our members, with higher interest rates resulting in significant cost-of-living pressures and ongoing volatile investments. The world and the investment environment are not getting any easier.

Please be assured that we continue to put your financial interests first. At ANZ Staff Super, we embed this principle in every decision we make. It's pleasing that over the last year, up to December 2023, each of our investment options delivered strong returns for superannuation members.

I'm repeating what was mentioned in the opening video, and Paul will also highlight this, but it's important to call out annual returns of 14.4% for the aggressive growth option, 10.5% for the balanced growth option, 6.4% for the cautious option, and 3% for the cash option. All of our pension options delivered slightly higher investment returns due to different tax treatments.

As you should be aware from previous conversations, superannuation is a long-term, not a short-term, investment that builds your retirement. We therefore focus on long-term, risk-adjusted investment returns, recognizing that over time, there will be periods of very high and very low returns depending on the level of risk you take.

It's good news that over the decade up to December 2023, diversified options outperformed their investment objectives. The aggressive growth option returned an average of 8.2% per annum, and the balanced growth option returned an average of 6.6% per annum.

The aggressive growth option returned 4.3% per annum. As I mentioned, Paul will provide a more detailed assessment of the investment decisions, environment, and performance. I want to take a moment to share some of the strategic investment decisions we've considered and made over the last year.

We strongly believe there are ongoing opportunities to fortify and refine our investment strategy. It's not a "set and forget" approach by any means. The investment team remains committed to finding high-quality, good-value investments that diversify our portfolio and deliver on your risk and return objectives. This involves both risk and return assessments.

In the first half of the year, we focused on evolving our investment beliefs and developing our investment strategy. While there is no fundamental change in how we invest your assets, we have decided to widen the investment opportunity set in a risk-controlled manner. Our updated list of investment beliefs will be available on the website in the next month or so.

From an investment strategy perspective, we've decided to increase the return objective for each of our diversified options

and to differentiate the investment objectives between the accumulation and retirement phases.

This decision reflects that while recent increases in inflation and interest rates have been challenging, higher long-term interest rates provide scope for better long-term returns, particularly if inflation returns to target levels as we broadly expect. However, it's important to note that we are not making these changes with the expectation that markets will outperform strongly in the short term. Instead, it's more of a return to a previous strategy.

There remains significant uncertainty in the short term, and we strongly believe in continuing to build diversified portfolios that protect and lay a solid foundation for your long-term savings.

The changes reflect a shift away from a world of very low interest rates, which had previously led us to lower our return objectives in 2015. We believe this environment has changed for the long term, which is why we're now implementing these adjustments after several years of consideration.

Lastly, I want to touch on responsible investing. At ANZ Staff Super, our purpose drives us to have a long-term focus. We believe that environmental, social, and governance (ESG) factors will increasingly impact how we think about investments.

Notably, considerations of long-term risks and returns are integrated into our investment selection and monitoring process, including decisions around the managers we appoint.

I now turn to our new strategic initiative: enhancing member experience. In addition to striving to deliver competitive long-term investment performance, the fund has been very focused on developing a better experience for members. At the governance level, this has been exemplified by the creation of both a Member Experience Committee and a member experience team.

The key member initiative over the last two years has been the decision to change our provider of member administration and services. We made this significant change to partner with a more sustainable service provider committed to core member administration services. We believe this change will help us deliver many of the improvements you've been asking for, including an enhanced digital experience, an upgraded website with a new member online portal, and a mobile app so you can check your super on the go. Additionally, there will be more advice options for members, particularly those moving toward retirement.

On June 1st, we transitioned from Mercer to our new provider, MUFG (formerly known as Link or AAS). Our team put in long days over a sustained period to complete the transition within a narrow window. A big thank you to everyone on our team for their commitment during this time.

I'm pleased to report that the transition is almost complete. We had hoped it would be fully finalized by now, but there are still a few outstanding items, which Paul and Jo will discuss further.

Many of you have told us you love the fresh new look and ease of use offered by the updated platform. However, we know some of you have experienced teething problems during this transition, and we sincerely apologize for any inconvenience. We are committed to resolving any issues you've encountered and delivering on the purpose we set out. If there are any unresolved matters, please know that we're here to assist.

There are additional member initiatives in progress for delivery by the end of 2024, including daily unit pricing of member assets, as we committed to in last year's annual member meeting.

We aim to provide tailored communication with each of you as members. Paul will now lead the discussion on our enhanced member experience initiatives—no pressure, Paul!

One key aspect of superannuation today is the comprehensive regulatory environment. We support the regulatory changes currently underway across the sector, as they aim to ensure members are better protected and can grow their retirement incomes.

For example, in 2023, APRA (the prudential regulator) extended the performance test from MySuper products to cover some choice products. All of the fund's diversified options were included in this performance test, and we're pleased to confirm that we passed for all our options. ANZ Staff Super will continue to navigate the heightened regulatory environment while focusing on meeting member obligations.

As I wrap up my comments, I want to thank you for entrusting us with protecting and growing your retirement savings. We will continue working tirelessly to promote your best financial interests. My personal thanks go to all of you for attending today's annual member meeting, and I look forward to being part of the team answering your questions as we proceed.

Next, Paul will provide additional insights into the investment environment, our decision-making framework, and our member experience initiatives.

Paul Rosam, Head of ANZ Staff Super

We were talking earlier about how this is one of the best days of the year for the Super Fund, where we get to speak directly to you, our members—especially those of you who are enthusiastic enough to join us on a Thursday evening.

I'll cover the economic conditions and environment we've been navigating for the last 18 months. 2023 was a year marked by aggressive rate hikes in developed markets, driven by persistent inflation that hadn't been seen in decades. This inflation and the corresponding rate hikes were triggered by extensive price pressures following COVID-19 and the impact of the Russian

invasion of Ukraine. The resulting volatility affected financial markets, highlighted by the collapse of Silicon Valley Bank and Credit Suisse, underscoring the importance of strong financial systems.

Fortunately, in the first half of 2024, we've seen inflationary pressures moderate as central bank interest rate policies have begun to significantly take effect. Here in Australia, inflation has moderated to 3.8%, down from the 2023 peak of 7.8%. Markets have responded resiliently.

With global shares, in hedged terms, we saw returns of 13.6%. International bond markets also stabilized with the potential for rate cuts, resulting in slightly negative returns of -0.5% over the same period.

We're pretty proud of these figures, so I'll repeat them: our pre-mixed investment options delivered positive returns for the 12 months ending December 2023, with accumulation members experiencing 14.4% returns for the aggressive growth option, 10% for balanced growth, and 6.4% for cautious. Pension members did slightly better due to favourable tax treatments, with returns of 16.4% for aggressive growth, 11% for balanced growth, and 7.5% for cautious.

Our results for the year ending June 2024 are also positive. In the 12 months to June, our accumulation members saw returns of 13.7% for aggressive growth, 10% for balanced growth, and 5% for cautious.

ANZ Staff Super uses the Rainmaker benchmarking service to compare the relative performance of our investment options against other funds offering similar options. Performance is assessed monthly, and ANZ Staff Super's net investment returns are reported accordingly. For example, a first quartile ranking means ANZ Staff Super's performance ranks in the top 25% of funds in their sample.

Our cash investment options have consistently placed in the top quartile against peer performance for 1-, 3-, and 10-year periods. The aggressive growth option delivered first quartile returns for the past year and continues to offer top-quartile returns over 5- and 10-year periods. Balanced growth delivered returns in the second quartile for 1- and 5-year periods and third quartile for 3- and 10-year periods. The cautious option returned third-quartile performance across all periods.

We remain committed to delivering strong long-term returns. Our long-term outcomes reflect this success. For the 10 years to 31 December 2023, both aggressive growth and balanced growth comfortably outperformed benchmarks, while the cautious option remained on track with its benchmark.

Historically, the primary factor influencing relative returns over the long term has been the level of risk assumed. The average age of an ANZ Staff Super accumulation member is 46 years, which contrasts with some larger funds that have younger members with smaller balances. These funds can allocate more

to growth assets due to their members' longer investment horizons.

Looking ahead the global and Australian economies continue to be impacted by the shift away from low-interest and low-inflation environments. Thus far, growth and employment have remained resilient, particularly in the US and Australia, despite significant interest rate increases. While inflation has come down, it still remains above central bank targets in many countries, including here in Australia.

The lagged effects of higher interest rates are yet to fully play out. GDP growth in Australia was better than expected in 2023, driven by immigration and a rebound in service exports. However, there are still disproportionate risks facing Australia, with inflation likely to remain sticky in 2024. In the near term, as Janet mentioned, we expect continued high levels of volatility. Our strategy remains focused on constructing diversified portfolios designed to navigate short-term fluctuations while aiming to generate strong returns for you over the long haul.

Regarding sustainability, it remains a core topic both globally and internally at ANZ Staff Super. We've made significant progress in this area, believing that sustainability in investment portfolios is crucial to long-term success. Our approach to sustainability is integrated across our portfolios in several ways. We reassess the expected impact of climate change on our asset allocation and consider sustainability as a key factor when selecting and reviewing investment managers. Once managers are hired, we engage with them directly and through our investment advisor to ensure they uphold their sustainability commitments and make improvements where needed.

At ANZ Staff Super, we hold a number of funds with specific missions to contribute positively to environmental and social change. For instance, this includes investments in the Palisade Impact and SUSI Energy Transition Funds. Palisade Impact focuses on next-generation infrastructure assets that support the move toward a net-zero environment. The SUSI Partners Fund is centred on energy transition assets, with each investment contributing meaningfully to climate change mitigation, including green energy and energy storage solutions. These investments will play a positive role as the world progresses toward net-zero targets in the coming years.

Lastly, I'd like to touch on the admin transition that has been a significant focus for us over the last 18 months. We've been working on this for some time with our move to a new administrator and member services provider, MUFG.

A program of this scale is a significant undertaking, and it was not a decision the Board took lightly. The Board and management are committed to ensuring that all decisions are made in the best financial interests of members, and this was a key factor in appointing MUFG. However, it's not just about the financials; MUFG is also providing members with a range of additional services, including an improved digital experience with a mobile app set to be released within a month, an integrated insurance

underwriting process, and a broader range of financial advice services.

I understand that for the majority of our members, the transition has been relatively smooth. However, I also recognize that a small group of members have experienced difficulties during this transition, and I am sincerely sorry for that.

In banking terms, this transition is equivalent to re-platforming a core system, delivering a new website, internet banking, and a mobile app. Our accumulation members receive contributions from hundreds of employers, while our 1,200 pension members receive regular payments. Our members have their funds invested across our four investment choices, and over 19,000 members have nominated a binding or non-binding beneficiary. New secure channels were established to safely transfer member data from Mercer to MUFG. To give you a sense of the scale, more than 32 million financial, non-financial, and insurance data points were reconciled before we went live.

Administration and member services operate in a complex network involving our insurer, custodian, financial accountant, and actuary. Additionally, technology, information security, and anti-money laundering activities are aligned with ANZ Bank standards. This transition would not have been possible without significant contributions from our partners, who worked together with a clear focus on delivering long-term positive outcomes for our members.

I'd also like to highlight the efforts of my management team, who have worked tirelessly on this project over the last couple of years, and I thank you again for your patience during the transition.

It has indeed been a busy few months. We've appointed Monique Bate as our new Head of Member Experience, focusing exclusively on how we serve you, the member. Monique's role will build on the excellent work done to transition members to MUFG and to optimize the member experience at ANZ Staff Super.

As a snapshot of 2023, we welcomed over 1,100 new members, more than 1,600 members consolidated their super into our fund—a clear sign of their trust in us—and we handled over 17,000 calls from members, with 96% of inquiries resolved in the first contact.

Preparing members for retirement is a key part of what we do. Last year, we provided important retirement options information to nearly 9,000 members and were also able to provide in-depth advice to 430 members - all at no additional cost.

In 2024, moving to the new administrator has become the norm. As we've discussed tonight, we hope you like our new look. It's been a privilege for us to be one of the first to launch this new digital environment.

Hopefully, you've all had a chance to check out our new digital platform, including the updated website and member online portal. We believe it offers improved navigation, a more modern user experience, and increased functionality. We're also really excited about the upcoming launch of our new mobile app, which will allow you to easily check your super and contributions on the go.

In terms of advice, members now have more options for over-the-phone guidance, with an emphasis on making it easier to access advice. Later this year, we plan to roll out a new digital advice platform, allowing members to self-serve advice on insurance and investments. We understand that our insurance offering is important to our members, and we've maintained our position as the lowest-cost fund for insurance in the Chant West survey. In 2025, we'll be reviewing our investment and insurance products to ensure they continue to be right for our members and offer value for money.

Importantly, in the short term, we'll continue offering a 45% rebate on the cost of your insurance, and we expect to maintain this rebate for the next few years. However, at some point in the future, we will need to reduce and eventually phase out these rebates.

To better understand our members, we'll be conducting surveys. If you receive a survey from us, we encourage you to participate, as your feedback will help us refine our member services and design new products and services tailored to your needs.

Our next major focus is delivering a more robust retirement income strategy - one that not only meets regulatory requirements but also genuinely supports members approaching retirement. Our goal is to equip members with the right information, tools, and advice so they can be well-informed and adequately prepared for life after work.

It's reassuring to see that we're largely delivering on our investment commitments to our members and increasing our focus on enhancing the member experience. I truly believe our members are in safe and caring hands.

Now, it's your turn for questions. Some reminders before we get started: You can still submit questions by using the question box at the top of the navigation bar.

We will attempt to answer all questions. However, as mentioned, if a question relates to your personal circumstances, we likely won't address it in this meeting, but we will have someone get back to you.

All questions and answers provided before or during this meeting will be included in the minutes, which will be available on our website within 30 days from today.

Jo McKinstry, our Program Director, will now read out the questions. For privacy reasons, we'll only be referring to members by their first name. A number of questions are quite

similar, so we have grouped them together and will provide one answer. Rest assured, though, that each question has been considered.

Thank you, Janet.

Q&A Session

The first three questions relate to the recent administration transition. Nigel has asked if a post-implementation review was conducted, what the findings were, and what benefits came from switching providers. He also asked when the website will be fully functional. Nita asked when the new website portal for ANZ Staff Super will be fully available to review plans, etc. Finally, 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 website, Member Online, and the Member App. The web portal was fully operational when launched on July 31. 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 on 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.

The next questions relate to investment and insurance costs.

Nigel has asked "I would also ask for transparency on what the Super Fund costs are for an actively managed fund and the costs for insurance."

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:

- 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. Additionally, our insurance premiums have been rated externally as the lowest in the market for employee members and among the lowest for personal members.

Nigel, if you have trouble finding this information, please contact the team, and we can point you directly to it.

Nita has asked a question about TPD and disability insurance: "Am I alone covered, or does it cover my husband and son too?"

Under Super 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.

The next three questions relate to retirement calculators:

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?"

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?"

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. Why was this changed, and will the functionality be enhanced?"

We recognize 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 also working with MUFU 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.

The next question relates to daily unit pricing.

David asked: "Will the new mobile app or platform allow us to swap investments in real-time, rather than waiting sometimes nearly a week for the change to take effect? This delay can be

costly, 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.

As we talked about last year, 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. There will be much more information shared with members as we implement this change.

Sonia has asked with the current volatility of the stock markets and uncertainty in Japan and the United States, what is NZ doing to protect our super?

And Slav has said, I would be interested to hear about the safeguards and controls with regard to extreme market events, which may wipe out the Super earnings. I also would be interested to hear whether the fund intends to invest into crypto markets and which rules will safeguard those.

Always a great question and volatility in markets really increases uncertainty. If I know for our members, we continue to focus on what's going on in the markets. One of the things in terms of the new investment beliefs that we've put in place is trying to make sure that we've got downside protection for our members, but allowing the opportunity in the upside to, when the markets are strong, to leverage that. Part of this comes back to actually making sure you've got your portfolio diversified. But the other thing to note is that we have a range of different diversified portfolios that all have different risk profiles.

And so it's really there for you to be able to leverage and think about what your risk tolerance is and what your risk appetite is in moving through these times. One of the things we know is that people have different preferences. Some people want to hold for the longer term, some people want to actually move in the short term. We provide that ability, as Paul has just said, in terms of the switching, and it will become daily unit pricing. There will be changes daily coming by the end of the year. We do know that diversification lowers risk for members because you're diversifying across asset classes and you're diversifying across the underlying investments.

The other thing to note is that when we've just gone through and done the annual investment strategic review, we did a fair amount of scenario analysis and stress testing. This is a really important thing for you as members to know: how we've provided protection to the portfolio, and we're very comfortable with the liquidity that we can provide in the portfolio in extreme

circumstances. And to your question, Slav, on cryptocurrencies—no, it's not in scope for what we're planning on having a look at.

But as I said earlier, part of our investment beliefs review has probably widened the scope, the opportunity set, that we might look for in investments. Be rest assured, whenever we take that into account, though, we're very cognizant of what the risk is with those various investments, and making sure that we have protection and structures and compliance around all of those investments. So it will be done in a considered way, but one where we believe we're giving ourselves the opportunity to deliver in both the up and the down cycles of the market.

The next two questions relate to investment options.

David has 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 good to have a more speculative option in which to allocate a smaller percentage of available funds, such as 10%."

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

Great questions from David and Helen. We regularly consider what the optimal array of member investment options is that we're providing. As we've commented, Paul and I have addressed that we always have members' best financial interests at heart, but that means right across the totality of the fund. One of the things we need to be cognizant of is the costs of setting up investment options and also being able to sustain them.

Our ongoing cost efficiency and sustainability come down to considering factors such as that. Let me give you an example. That's the reason why we're comfortable with the four options that we've currently got. In no way is this a final decision though, and I know that some of the surveys we'll be doing will ask members what they are interested in, if any changes are needed.

Let me give you another example from a couple of years ago when we conducted a survey to gauge the interest in setting up a separate ESG (Environmental, Social, and Governance) investment option. The survey showed that a number of members would use the option, but they didn't have the volume of assets required for it to be sustainable for the fund.

When we consider what's in the best interest of all members, it's always under review. However, we believe the four options we have at the moment are the right choice for now.

Claire has 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 looking at options? ANZ Staff Super will be the last major corporate super scheme left. It's 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."

You're asking a question that we're continually asking ourselves, and that's really important as we consider all of our members' best interests. Scale isn't just about assets under management. One of the core elements, as I mentioned earlier, is that we have the support of our parent, the ANZ Group, which is a key part of our value proposition. ANZ is one of the last corporates in Australia that really sees super as part of its employee engagement.

Our account management and investment fees are among the lowest in the industry. Our insurance premiums, as we've mentioned, are significantly lower than many others, and our investment returns are largely meeting objectives. However, it's not a case of "set and forget." We are constantly reviewing our strategy.

There are regulatory requirements we must be prepared for, allowing us to move if necessary, but the most important factor is that we believe in the value we provide. Just because other corporate funds make different choices doesn't mean we have to follow.

We often hear about the "mega funds," but many analysts in the market predict we may have a barbell structure with both large and smaller funds coexisting. When I say smaller, at \$7 billion, we're not small by any means. If we can continue to deliver the best outcomes for our members and maintain that value proposition, we will.

However, if we ever reach a point where we cannot provide this value, we will find the right option. But at this stage, we believe we are in a good position. Claire, we review this situation very regularly.

Troy has asked: "I would like to raise the issue of allowing partial commutations, which in turn do not impact the members existing in. 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 super fund, they lose their access.

Now, this is a condition of the current insurance policy we have with Zurich, and it can't be altered without the agreement of the insurer. Any change would cause a price impact that would increase premiums for all insured members.

For those members who do make a portability payment, they can reapply for cover, subject to underwriting, after 12 months.

Margaret has asked: "I've only just noticed that ANZ Staff Super still has an 'Activities of Daily Living' definition of TPD for anybody not working at least 15 hours per week. Almost all other funds allow for periods of unemployment up to 16

months to get access to unrestricted TPD. My question is, when will this be removed, given it's nearly five years since ASIC called out the very poor value it provides to the cohort not eligible for an unrestricted TPD?"

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

And the next question we have is from David in relation to emissions: "Can you please provide an update on the measurement and reporting of emissions, scope 1, 2, and 3 within the investment? Has there been any commitment to targets or pathways such as those set out under GFANZ? If this has not yet been considered, will you commit to reporting back on this at the next annual member meeting?"

Thanks. We have committed to net zero by 2050 and are working through this goal through a range of approaches. As Paul outlined in his address, we're looking at making investments in sectors that help reduce global emissions and engaging very 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.

Paul was talking through some investments, for example, 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, David, is that we recently, at one of our investment committees, had a really strong briefing on how we actually 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.

That concludes the questions.

Regarding online questions, there are similar queries to those raised earlier.

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.

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.

Is there any chance to bring the AGM 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.

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.

What measures are in place to protect member benefits?

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

I had a live experience about a year ago with cyber security. We actually had a board visit outing, which might seem strange, but it was really important for us to actually touch the board and management in terms of what ANZ is doing. The comfort and experience we gained from that was significant and allowed us to address regulated questions around cyber. Most importantly, we're answering those to ensure we provide you, the member, with that comfort.

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. We can't make comments on the ANZ group. It is part of its core proposition, and 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 ANZ's perspective.

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 aging demographics impact all super funds due to changing demographics. There are several factors involved, including the level of employees and changes at ANZ. We are targeting performance to what's right for our members.

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 didn't have them updated.

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. Peer comparisons show a wide array of different performances. We use benchmarks but do not rely on them as our primary objective. We hear your concerns and will make it a focus in our next investor update.

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 need to provide detailed breakdowns by manager across various asset classes. We will get back to the member and also consider adding this information to our investment communication to help others.

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

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

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.

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 investment principles up as soon as possible. We are open to discussing any matters further and will provide details as soon as we can.

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.

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.

The final question in the live Q&A is from Gordon: Is ANZ staff super planning to offer any education webinars or seminars for its members during 2024-25?

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

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

I empathize with losing that amount. The GFC was a tough investment period. 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. Sharp market declines can sometimes present buying opportunities, and we focus on delivering long-term results.

John asks if sustainability is affecting fund performance.

Sustainability considerations do not come at a cost to fund performance. We aim for net positive outcomes with our investment decisions. Willis Towers Watson, our asset consultant, has found that on a net basis, sustainable portfolios show minimal performance differences. It's a key investment belief for us, and we assess every decision to ensure its beneficial overall.

If anyone has last-minute questions, please submit them. If you're uncomfortable asking questions in this environment, let us know, and we'll get back to you individually.

Thank you all for your proactive engagement. We hope today's session has provided greater insights into your Super Fund. We remain focused on having the right strategy, people, and governance to meet your retirement objectives. We appreciate your time and look forward to our next discussion. We'll also consider the timing of the annual member meeting, potentially scheduling it earlier next year.

Thank you.