Annual Members' Meeting Minutes

ABN 11 118 202 672
Annual Meeting of Shareholders
Held via live stream commencing at 5pm (AEDT)
Wednesday 14 December 2022.

Executive
Deanne Stewart - Chief Executive Officer (CEO)
Damian Graham - Chief Investment Officer (CIO)
Tim Elliott - Chief Financial Officer (CFO)
Sarah Forman - Group Executive, Advice (GEA)
Richard Exton - Chief Technology Officer (CTO)
Jane Couchman - Chief Risk Officer (CRO)
Jo Brennan - Chief Operating Officer (COO)
Katrina McPhee - Chief of Staff (CoS)
Steve Hill - Group Executive, People & Workplace Environment (GE, PW)
Steve Travis - Group Executive Member Growth (GE, MG)
Michael Dundon - Executive Consultant, Corporate Development (EC, CD)
Ian Pendleton - Group Executive, Legal & Company Secretary (GE, Legal& CoSec)

Board Members
Neil Cochrane - Chair
Pip Carew - Director
Jocelyn Furlan - Director
Angela Nigro - Director
John Dixon - Director
Philip Moffitt - Director
Antoinette Masiero - Director
Tom Symondson - Director

Presenters
Amy Matthews, MC
Neil Cochrane, Chair
Deanne Stewart, CEO
Damian Graham, CIO

Q & A Panel
Neil Cochrane, Chair
Deanne Stewart, CEO
Damian Graham, CIO
Tim Elliott, CFO
Sarah Forman, GEA
Richard Exton, CTO

Attendees
Frances Borg - Auditor, Deloitte
Esther Conway - Actuary, Mercer
Jennifer Glass - Deputy Company Secretary

Apologies
Stewart Little - Director
Patricia Faulkner - Director
Roslyn Ramwell - Director

Minutes of the meeting.

The Minutes comprise a summary of key aspects of presentations, questions and answers. An acknowledgment of Country video was played at the start of the broadcast.

1. MC Welcome and Introduction

Amy Matthews advised she was the MC for the meeting and welcomed all to the 2022 Annual Members Meeting. The MC noted there was close to 1,000 registered attendees across Australia for the meeting. This was the third year the meeting had been conducted online noting it was important for the organisation to be available and accessible to all members.

The MC noted Aware Super members were concerned about the state of investment markets and the impact for member's individual account performance. The MC assured members a significant amount of meeting time would be spent on discussing investment markets and as a result of feedback more time dedicated to answering questions. The MC thanked those members who had lodged questions in advance and indicated members were also able to submit questions online.

The three main speakers and the broader panel of Aware Super experts who would be available for the Q&A session were then announced. The MC noted the Auditor, Actuary and Board members were also attending the meeting online.

An explanation was provided on how to submit questions online noting questions received would be answered during the Q&A session. All questions and answers would be available on the website from January 13, 2023.

The MC advised questions of a personal nature were unable to be answered nor was it possible to provide financial advice related to an individual member's account.

During question time and after the meeting there was also a feedback survey available to complete. Feedback was important to make the event as valuable as possible for members with details on how to complete the survey to be provided later in the meeting.

The MC requested any member who had a question regarding their own account or required financial advice to submit their contact details noting all details would remain private.

The MC then introduced the Chair of the Board, Neil Cochrane.

2. Chair's Welcome

The Chair welcomed all to the 2022 Annual Members Meeting. The Chair commented, on behalf of all Trustee directors, it was a privilege to be entrusted with the responsibility to protect and grow members' retirement savings.

The Chair noted the CIO, Damian Graham, would speak on investment performance. However, the past 12 months had presented some extremely challenging conditions for investment returns which was a critical issue for members. The peaks and troughs during the past three Covid years underscored the importance of a diversified portfolio and taking a long term view on investing. In the local market the ASX 200 index had fallen around 7% to 30 June 2022 and globally, the S&P 500 index had posted its worst first half year performance in 20 years with a fall of more than 20%. The Chair advised the indices were mentioned as Super Funds maintained a large portion of investments under management in equity markets which was done for a variety of sound reasons which the CIO would address in greater detail.

Aware Super, like almost every other fund in Australia, had a negative return of around 3.5% for the past financial year for the default option. The Chair advised the organisation and the Board would never be satisfied with a negative return for members. However, the Chair stressed the same default option had delivered an average, annualised return of more than 10% over the past decade which places Aware Super as one of Australia's better performing funds over the past 10 years which was a much more meaningful horizon for investment performance.

The Chair commented he was proud of the efforts of the Investment Team in achieving one of the best results of any Super Fund.

The Chair noted when First State and Vic Super merged in 2020, there was an initial large Board committed to undertaking the transition work. The Chair reported from 1 July 2022 the size of the Aware Super Board had been reduced to 11 members. The Board was one of equal representation with five directors nominated by the Unions who represent our members, five directors nominated by the largest employers for which the organisation was the default fund and the Independent Chair role.

The Chair commented the Board performed vital work for the Super Fund through various Committees and all significant decisions were made with the oversight of the Trustee Board keeping in mind the financial interests of members.

The Chair thanked all stakeholders for their continued support through the past challenging financial year, his colleagues on the Board for their wise counsel and the Aware Super Team for their continued commitment to helping members achieve their best possible retirement.

The Chair introduced the CEO, Deanne Stewart.

3. Chief Executive Officer Update

The CEO thanked all those for joining the meeting today.

The CEO commented as a profit for member industry fund, members were an integral part of the organisation. The CEO paid tribute to all essential workers noting their commitment enabled communities to continue to function.

The CEO commented there were challenges to face. However, the organisation was committed to members to ensure they were able to live the best possible retirement by investing long term in a diversified and sustainable manner and by providing assistance and guidance where required.

The CEO noted all super funds were in negative territory during the last financial year with volatile times continuing. Aware Super's job was to invest well and diversify to cushion any downsides without sacrificing the upsides. The organisation had a strong investment team with extensive experience in all types of markets.

The CEO commented on the compulsory super system noting the organisation had grown over the past 30 years to become one of the largest funds managing around 1.1 million Australians' accounts. Aware Super was the steward for members' money and the aim was to achieve the best outcomes in 2023 and beyond.

The CEO advised there were four key commitments to members, namely:

1. Strong long term returns and low fees in the medium to long term. Aware Super was one of the strongest and largest super funds returning on average 10.2% per annum over the past 10 years with investments across a range of assets. The organisation had won Money Magazine's Best Super Award for 2023 and was consistently one of the strongest performing funds nationally. The aim was to maximise returns and refine operations to seek opportunities to lower fees.

2. Insurance and protection to cushion against any downsides in a variety of ways for example the MySuper Life cycle approach and tailoring investments to the members age. Money Magazine had stated it was the best product in the market.

3. In consolidating with Vic Super, the platform had been upgraded with App access. This move was market leading and would be provided to all members next year to provide more choice and control. In the past year, the organisation had partnered with TAL on well-being services in physical and mental health to provide virtual services through Teladoc Health. If members held insurance through Aware Super access to Teladoc Health was provided at no extra cost.

4. Making the experience as easy as possible with the major digital 'format' almost completed. There was a new website which was intuitive to navigate and work was ongoing on building a raft of digital guidance tools via the website, member portal and App. This digital experience would allow members to easily access information and advice and lower operational costs with further details to be shared in the coming months. There was a new menu of investment options and insurance products for Vic Super members and in 2023 the features and additions would be rolled out to all Aware Super members.

5. Personal help and guidance provided when needed including telephone and face-to-face comprehensive advice.

A video was played with four financial planners, David Barton, Geoff Kaye, Jane Huang and Jessica Tarabay, providing commentary.

The CEO commented the Investment Team provided personalised help to members and in the next four years it was expected 100,000 members would retire and require advice on setting up pension accounts, income streams and pension payments.

The CEO acknowledged the recent spate of cybercrime and stated Aware Super was deeply committed to cybersecurity as personal information was a valuable asset. There was a need to be additionally vigilant with safeguards and digital protections in place. The CEO recommended all members read the updated digital advice information on the website and take all possible, appropriate steps to protect their personal data on line.

The CEO introduced the Chief Investment Officer.

4. Chief Investment Officer Update

The CIO, Damian Graham, advised he would address the results for the financial year, key themes for investing and the outlook for the year ahead.

The CIO noted there had been tightening financial conditions with the Ukraine situation and Covid pressures leading to increased energy prices and negative market returns even for bonds. History showed markets fall with short term losses incurred, however markets inevitably recovered.
The CIO provided a presentation on:

- The return for the 2022 financial year noting the investment in property and infrastructure had assisted in reducing loses.
- Investment beliefs.
- Strong long-term performance with a 10% return over 10 years to 30 June 2022. This was a top 10 performance with an average additional amount of $32,000 per member compared to the industry median.
- Investment allocations for super with high growth for those under 55 years of age and a pension balanced growth for over 55's.
- Returns history long term to ensure exposure to growth noting diversification in the portfolio assisted with reducing the level of volatility.
- Recognised as leader in 2022 on ESG management. There was a committed approach to reduce emissions to zero by 2050. $260M had been invested in green and sustainable bonds and projects with climate and environmental outcomes although more work was required to transition to a lower carbon future.
- Your investments noting Aware Super was one of the first Funds to move out of Russian investments. A sizeable investment had been made in Vic Roads in 2022 noting the expected growth in the number of cars by 2026, with 60% powered electrically. There was also the recent investment in North Harbour Clean Energy to develop and operate clean energy renewable activities.

Property, with a platform of delivering affordable housing. The Miranda Project NSW and Aphington in Victoria had been opened in 2022 with $790M committed to date.

A video on one resident's story was played.

- The Financial Year 2023 outlook was still volatile however there was more positivity with inflation expected to peak and interest rate increases to slow. Although global impacts were unknown, there was strong employment in Australia and the forward returns outlook was positive. The focus was on diversification with a mix of assets. Super was a long term investment with time available to recover from any losses noting one third of income returns usually occurred post retirement.

The MC thanked the presenters.

5. Q&A panel session

The MC introduced the panel members and reminded members of the format for submitting questions noting the feedback survey was also available for completion. The following member questions were presented to the panel.

Q: Do we have any evidence that private equity and unlisted assets within portfolios increases returns?

A from the CIO: Yes, we do have good evidence that over the short and longer term investing in private assets such as private equity or infrastructure and unlisted property can benefit the portfolio. This was not just from a risk reduction or diversification benefit perspective but also returns. This was certainly seen in 2022 and also over the last five years plus, where investment in private equity was a strong performance asset sector or class benefitting the overall portfolio. We are comfortable shorter and longer term in investing in a range of assets including unlisted assets and private equity which can very much benefit the portfolio.

Q: How are our unlisted investments valued?

A from CFO. We have established a well governed valuation process under a Board approved policy. Accountability for that valuation of direct assets sits outside the investment team to ensure there is independence in the process. The valuation process was overseen by the Valuation Committee which reports to one of the Board Committees, the Audit, Risk & Compliance Committee. There was a regular valuation cadence using third party valuation specialists on a half yearly basis and each other quarter a review of the valuations was completed internally with input received from external managers. Other trigger points were also referenced which may indicate a change in value in a specific asset which could happen outside of the normal valuation cycle for example the market moved in comparable companies or company specific information which indicated a change in value. To ensure each asset in the portfolio was fairly valued for members, the Auditors review a sample of these investments on an annual basis and look at the processes used.

Q: I've heard the majority of active equity strategies underperform cheaper index investments. Do you have any evidence that your active strategies are outperforming a passive strategy after fees?

A from CIO. I refer back to the Investment Beliefs provided in the presentation and there are a number of ways to invest and investing in a number of different strategies was important. This included investing in a combination of passive and active strategies. Both active and passive investments had a part to play in the portfolio. Focusing on the active investment strategies, it was the belief over the longer term, three/five years, the organisation was able to access additional returns over and above the returns provided by the Index such as provided by the ASX or ASX 200 and that had been our experience. We have been able to generate over the last three years and five years, outperformance in our equities over and above the indices by combining a range of active strategies and seeking out those high-quality investment managers to deliver outperformance on a longer term basis. Year to year that may not always be the case however, on a longer term basis the organisation was able to generate outperformance through taking active risk and using active investment strategies.

Q. What assurances can you provide to our members about the security of their personal information and funds?

A from CTO. I completely understand why cybersecurity is so top of mind for everyone. Even today we have seen evidence of another cyberattack on an Australian company. I want you to be reassured we are taking your data and online security extremely seriously. We have in place 24x7 monitoring of all our systems and a multi-layered set of security measures that control not only authorised access to our systems but also authorised access to our data. We are not complacent here at all. To ensure these controls and measures remain effective, we use independent cyber specialists to regularly test our systems and controls in line with up-to-date regulatory requirements and emerging cyber threats that we see around the world. We also continue to invest in modern technology and processes to deliver not just sufficient but also secure services to you. An example as mentioned by the CEO earlier was this year we commenced transitioning away from paper forms and replacing these with secure, electronic forms that include digital verification and anti-fraud measures built in. I'm sure you are all familiar with two factor authentication and green ID and these are two of the more common measures we use to protect you. If you have ever called our members services team you will have encountered these two factor authentication methods. As a guideline we will never ask for passwords over the phone or via email and we will never ask you to enter answers to your security questions via an email. I take this opportunity to encourage everyone on this call and all our members to take a few minutes to help keep your personal information safer online. I would recommend visiting the security page on the website (link stated) and read the latest information published there. The page is updated regularly and contains useful tips including ensuring your personal contact details are up-to-date. If you need to make any updates, use our mobile App which is a quick and safe way to do so. Take a look at the advice that is published there and make sure you are applying all those tips to your Aware Super or Vic Super account. I encourage you to think more broadly about everywhere else where you have information on the internet and what you may need to do to make that data more secure as well.

Q. I believe Vic Super used to outsource management of its funds. Is that still the case?

A from CIO. Yes, it was the case that Vic Super used to outsource their investments to external managers. As we have merged and brought the portfolios together, we use a combination of both external fund managers and internal strategies. Our job is to find the best strategies and we try to find the best external managers to compliment what we do internally. We believe there is a benefit in having that combination and I note the CEO's comment on the focus on ensuring our fees are competitive and deliver value for money for members. We believe using our scale to manage some assets internally can drive fees down and that is a critical long-term outcome or benefit to you to ensure your net of fees returns are as good as they can be. Our job is to use that scale to find the best external managers and compliment them with high quality internal strategies to achieve those long term returns which are so important to members.

Q. I have invested in high growth so why is any of my portfolio in cash?

A from CIO. As mentioned in my presentation, the vast majority of the option would be in high growth assets with a small amount of around 2% to 2.5% usually held in cash. In all the portfolios some cash was required to facilitate transactions, cash flows, redemption requests and also new investments. The operating of the portfolio itself does need a small amount in cash and it was important to make sure, even in the high growth option which is predominantly growth assets, there was a small amount of cash to facilitate portfolio management.

Q. Can you please comment on recent news relating to the use of super for housing investments and how you are prioritising returns for our members?

A from Chair. We have found a wonderful opportunity to invest in affordable housing which has to date provided a return of 10%. So it meets, as must all our investments, the investment objectives whilst also managing the risk and in this case, providing real benefits to the community, the essential workers who are residents within our building. It was transforming people's lives for example the video shown earlier of Jenny living in one of our homes. This was an example of someone's life being transformed by an investment which was also providing an excellent return for us. We are very pleased the Government is looking at housing as an investment for Super Funds and in meeting investment objectives and risk controls we are very pleased to be part of that Project.

Q. Why are you closing offices in regional areas?

A from CEO. I stress we are deeply passionate about the value of advice and guidance for members. Each day we see the power and importance of that in making our members really confident and for some it is transformative. We are one of the only Funds to have face-to-face advice in major metro and major regional offices and this was our passion and commitment to members. I also say that some of our recent research on the value of advice has been extraordinary. The difference in the retirement savings was around $150,000 between member's who received advice vs those who did not. Those who obtained advice and gained confidence were able to invest in tax advantaged super, consolidate monies and access the aged pension earlier, all of which was meaningful. However, there was the need to balance that with a disciplined approach to our entire cost base to ensure we can keep those fees low or to even lower fees. In smaller offices where there was less demand we have closed some of those regional centres. However I stress, given we believe in the value of providing advice and guidance, we were expanding our advice services over virtual Zoom and Microsoft Teams including the digital advice services mentioned earlier. We have seen a significant uptake in our member services as many more members have grown comfortable with using Zoom and Microsoft Teams.

Q: What is the plan to reduce fees for members?

A from CEO. As mentioned earlier having really low fees is an important part of our commitment to members. We have completed a number of matters to ensure we remain one of the lowest fees funds however we will also continue efforts to lower those fees. Two of the key areas including one the CIO mentioned earlier, included:

1. The way we look to invest and as we internalise, using our scale to be able to lower investment costs and fees accordingly.
2. On the administrative side, the major digital transformation was occurring. One of the primary reasons was certainly to provide the best possible experience. However, using that scale and a fixed cost base enables us to drive down the cost to serve and lower the fees.

However, I do stress one of the most important matters to remember as a member is 'returns net of fees' which was the most important consideration, not just being the lowest fee provider.

Q: There is a lot of talk in the media coverage recently around exposure to coal and energy stocks and doing better in performance. How do we respond to that for our members?

A from CIO. I did mention in the presentation that this was the case. In the last six, nine to 12 months or so, the energy sector has been one of the better performing sectors in the Australian share market. However, longer term there has been a much more even outcome with little impact in the medium term of three to five years. We are looking at the long term focus when investing your funds and we believe it was very important to support the transition to a lower carbon future. We believe that will be a very strong position to be in for your portfolio and the returns you receive long term. We have in place a very robust transition plan which certainly has a goal to reduce carbon emissions in the total portfolio and also take advantage of new investments and opportunities. Some of the energy exposure has been better performing however we have also seen the other side with investing in renewables and some of the technologies that support the transition also generating very strong returns. You need to look at the total picture as the longer term perspective was important and to think about the transition to move your portfolio to a low carbon position.

Q: What is your outlook for the economy in 2023 and how does that effect our returns?

A from CIO. I refer to my previous presentation and our outlook on the economy into next year and what that might mean for the markets and obviously your savings. We do expect inflation to remain higher than we would like it to be although it will likely start to moderate and peak. We have seen this in recent months with some peaking of inflation around the world. It also suggests central banks which have been increasing interest rates around the world can start to pause or slow down those interest rate increases. This was really important as it will then flow and start to allow investors to reprice assets or understand where to from here. We do believe we will start to see a slowing of interest rate increases and then we will look for what is happening with the economy around the world whether it be the US or the Australian economy. We do believe we will see the higher interest rates have an impact on the level of economic growth. I did mention we are starting from a reasonable position with employment robust around the world. This should help consumers who have reasonable savings to continue to consume even with higher interest rates. Our view was economic growth will be okay for 2023, although not as strong as we would like, with some risks around recession although not necessarily the main base case. We also expect investment markets to be reasonable next year. By that I mean we have seen investment markets pricing a lot of the negative news and risks around recession and higher interest rates and we have seen strongly weak markets in the first half of 2022 reflecting this forward looking nature. We feel reasonably balanced in our view of what 2023 may bring and there will certainly be some volatility however, there were also expectations returns will start to stabilise.

Q: Could the financial adviser be more specific with the cost of financial advice instead of giving a range at the meeting and then giving a final cost at the end of the meeting?

A from GEA. We understand how important fees are for the member. I will try to explain the process around providing financial advice. It involves exploring and discovering what the member's needs are, their goals and what they would like to achieve, with the financial planner then considering all the strategic options to help the member achieve those goals. That is the differentiator between financial planning vs obtaining general information. Why it was difficult to give the fee upfront at the start of the meeting was the financial planner needed to have the discovery conversation and understand more about the member's circumstances. Once that was understood, the planner was able to determine what level of complexity will go into formulating the strategy, how much research was required to look at the products and funds the member holds, the types of goals the member has and the regulations which may be involved. This then determines where on our rate of fees the particular piece of work sits in terms of the rate which was charged back to the member. We are passionate about those fees for financial advice being fair and reasonable and creating value for members whilst also charging appropriately for the effort needed to deliver the advice to the member.

Personal advice was also available through our intrafund offer which was called our superannuation advice offer because this advice was limited to someone's interests in Aware Super. If someone has questions around 'I have my super with Aware Super and I would like to understand what different investment options are available to me', you can have an interaction with one of our financial planners at no additional fee. The planner can work with you regarding your tolerance to risk, turbulence and volatility in the markets, where you would be comfortable having your super invested, modelling that out to the timeline to your retirement and helping you understand given the current state of your super, levels of contributions being made, the risk profile you have and how it was invested and what retirement outcome you were likely to achieve. In lining up with our ambition to provide great help, guidance and education to members which was affordable and accessible, there are a range of ways to help a member before they need that more personal, comprehensive advice. When they do reach this level we want to make sure the fee charged was commensurate with the effort and complexity of what we are doing for each and every individual member.

Q: With being such a large organisation, can we reduce fees for all, including retirees or for people that do not have any activity on their account?

A from CEO. It is that scale which has enabled us, certainly over the past couple of years, to lower our fees and certainly continue to lower the fees. We look to do this across the board for all of our members. Part of the reason was we are there for all our members however when you look at our cost base and where some of the significant cost was, a lot sits with the investments we make. As we look to scale up, that scale and building out our internal team becomes more of a fixed cost which enables us to continue to lower our fees across the board which was the aim for all of our members.

Q: Will this session be replayed via a link?

A from the MC. The answer was yes. It will be available on the website with all of the questions and answers from 13 January 2023.

Q: The equity markets suffered turmoil in the last 12 months or during the pandemic. What is your investment strategy to hedge against bear markets for example investment in gold shares?

A from CIO. This was a good question when thinking about how to achieve the right investment strategy for different markets. We do invest in a really diversified portfolio which was very important to offsetting short-term volatility. We do not explicitly hedge across the portfolio. We believe for most of our members they should have good exposure to growth assets and they have the time to recover from short-term volatility. It was important to have access to those growth assets to create long term wealth similar to our Lifecycle approach. We do invest in a diversified range of assets, including equities that produce gold, however it was not a heavily hedged, focussed outcome. For our retired members in the balanced growth pension option we do use strategies to offset short term market volatility such as the liquid alternative sector. This was primarily to offset some of the short term risks and provide a cushion for those members in retirement. Most younger members will have a good amount of growth assets in their portfolio so they can grow their wealth over the long term and even take advantage where we see short term volatility as seen over the past 12 months. Different approaches are taken for our different cohorts of members.

Q: What is Aware Super's strategy to play a major role in pursuing a better environment for the next generations?

A from CEO. Our role as a super fund and our clear, primary objective was to ensure our members obtained the best possible returns in the long term to create their best retirement. As we have heard from the Chair and CIO, we certainly look to do that in a responsible and sustainable way for today's retirees and for future generations. Inside Aware Super we talk about our role being 'to do as well as possible for our members and to do good' which is a real motivation and purpose for the people who work at Aware Super. From an investments lens and looking at the risks and also the opportunities, we have lead the way in the climate space in how we have transitioned our portfolio and reduced emissions. For future generations and for good investment returns, we look for investment opportunities for example in the clean energy space with new technologies in batteries or in pumped hydro. Housing affordability was a huge issue and we are leading the way in generating really good returns which have a positive effect on the community.

For new generations coming through, I highlight the importance of having really good financial advice and empowerment through education and the impact that can have on peoples' lives particularly when you start young for example a dollar saved in your twenties is equivalent to trying to save $4 in your fifties. The more we can provide that education to help future generations together with a real responsible and sustainable ethos as well as providing good returns is for me the DNA of our organisation.

Q: What progress has been made or is planned to fully integrate Aware and First State Super Apps? I have an accumulation account in one and a pension account in the other.

A from CTO. I am passionate about this work we have been undertaking over the last 18 months. We have been consolidating our systems and building this strong, operational backbone so the Fund can safely scale up and reduce risks and costs to members. Earlier this year we went 'live' with our new digital first systems for our Vic Super members and there has already been positive feedback on the new systems essentially providing self-service capability and removing paper forms. We are on track to complete this program of work across the heritage First State Super and State Plus businesses next year. I think this will position the Fund with innovative, digital first solutions which will provide a profoundly simple member experience.

Q: What are you doing to improve customer service for members who need financial advice? I live in the Hunter Valley and my financial adviser is in Perth.

A from GEA. I think the member may be referencing the intrafund service (our superannuation advice service). What was important to understand was the service was provided and available to all members at no extra charge on top of the fees already paid as part of the fund. It was important to deliver this as efficiently as we can to help members. Our member base was large and widely distributed, so to have the placement of those advisers locally in a limited number of geographies would not serve the broader needs of as many members as we can. We provide this service through phone and now via video. Over the past couple of years we have seen a significant take-up of receiving this service via video. It involved the same process of exploring the member's needs, their interest in the fund and interacting with the member to explain the change or strategies that we are recommending and providing that in writing for them to allow the opportunity for the member to follow up with questions. We do have our intrafund and superannuation advice planners located in a couple of hubs, one of which was in Perth. This allows us to provide the service at great extended hours to the eastern seaboard of Australia and allows us to provide more accessible, available and convenient appointments for members. Our intention was certainly not to limit services but actually provide them more broadly in line with how many Australian now receive services from service providers which was often through phone, video and even self-serving applications.

Q: Has the ethical investment options been completely divorced from fossil fuels companies?

A from CIO. By ethical investment options, I think the member was talking about our Socially Responsible Investment (SRI) options. We do have a range of those and we do have exclusions from different sectors. We have excluded energy companies in the SRI options along with a number of other sectors such as gaming and tobacco.

Q: Given market performance and attitudes towards coal and gas, will our savings suffer?

A from CIO. We have spoken before on the matter and it was a great question around investing in oil and gas companies. We have an approach with our climate change portfolio, our transition plan, to target a lower exposure to carbon emissions. We have a lower exposure than the market to the Index 2 companies which have higher emissions. We believe that was the right long term approach although that has had a short-term impact in the last nine months or so. However, we do believe that it was right long term and controls some of the risks that were present in what happens as the economy transitions to a lower carbon future such as the risk for stranded assets with fossil fuel producers. It was an important issue and allows us to free up parts of our investments to look for opportunities as the economy transitions. We see both sides of the issue and there has been some short term underperformance however we believe it was the right, longer term strategy to manage the risks around the energy transition. This was a critical issue and it provides some risks whilst also providing opportunities which we are taking advantage of.

Q: As the Australian population is aging fast, will Aware Super invest in the aged caring industry which would be beneficial to Aware members like me?

A from CEO. A key theme was the aging population and we do look for investments with that theme in mind. In our property portfolio one of the areas where we have increased our investments was in retirement villages and we intend to continue to invest significantly in that area. I would also add in relation to aged care and services, one of the advice service offerings we provide to members was aged care financial advice. We find members, certainly in retirement, needing help to navigate and obtain financial advice on the aged care system so we do offer this service as well.

Q: Are there other affordable housing projects planned?

A from CIO. Yes, there are and I mentioned in the presentation we have around 1,500 apartments in the planning or in construction so that is an active, growing portfolio. We have 500 that we are already operating. We have a number of projects coming to market, with the main focus in Sydney and Melbourne at the moment. It was a good way to invest and create strong returns for members whilst also having a positive impact on the challenge of housing affordability.

Q: As a former Vic Super member, you stated that fees will be lower at the last meeting in 2021 with the merger. Has this really occurred?

A from CEO. Yes, I am pleased to say post-merger between First State Super and Vic Super that created Aware Super, Vic Super members did see an immediate 20% reduction in their administration fees. This year there were further reductions for both accumulation members and the majority of pension members as well. They have continued to obtain that benefit of having fees go even lower.

Q: Do members of Vic Super receive the benefits of the same investment strategies and advice as Aware Super member and if not, why not?

A from CIO and CEO. The CIO advised from an investment strategies perspective, yes absolutely. Vic Super and Aware Super members are largely invested in the same assets, and we want to make sure all our members have access to the best investments with the combination of internal and external strategies and great assets such as affordable housing, energy transition assets etc. It was very important this applied across the board for all members.

The CEO said for the advices services, certainly from an education perspective, online digital advice as well as the face-to-face and video, those advice services were available to all Aware Super and Vic Super members.

The MC thanked all members for their questions and noted the Feedback Survey was available online for completion with all comments on any improvements welcomed.

Chair's closing remarks

The Chair thanked all for joining the meeting and noted the depth of questions reflected members commitment to the fund and the commitment from all Aware Super people. Challenging times were expected in the months ahead, however he stated he was very confident the plans laid out by the CEO this evening would bear fruit in the coming months and the Aware Super Team would be inspired to deliver for members for their retirement.

The Chair stated it was a rare privilege and honour to be the custodian of members' retirement savings, a role the organisation and Board took very seriously. It was an honour and responsibility he would reflect on with great pride in the coming years. The Chair advised he was retiring as the Chair of Aware Super, having reached the maximum term of nine years under the Constitution, with his term finishing at the end of February 2023. On 1 March 2023, the new independent chair would commence her tenure.

The Chair advised he was pleased to announce a respected company director and staunch advocate for climate action and gender equality, Samantha (Sam) Mostyn, would assume the role of Chair of the Board. An extensive exercise had been undertaken to find the best replacement and an exceptional candidate had been selected.

The meeting closed at 6.30pm.