Aware Super Pty Ltd

ABN 11 118 202 672

Annual meeting of members

Held via live stream commencing at 4.00pm (AEDT)

Wednesday 5 December 2023

Presenters

Richard Exton – MC & Chief Technology Officer (CTO)

Samantha Mostyn – Chair

Deanne Stewart – Chief Executive Officer (CEO)

Damian Graham – Chief Investment Officer (CIO)

Q&A panel

Samantha Mostyn – Chair & Director

Deanne Stewart – Chief Executive Officer

Damian Graham – Chief Investment Officer

Extended panel

Tim Elliott – Chief Financial Officer (CFO)

Sarah Forman – Group Executive, Advice (GEA)

Steve Travis – Group Executive, Member Growth (GEMG)

Jo Brennan – Chief Operating Officer (COO)

Shaun Martin – Head of Information Security

Peter Hogg – Head of Advice

Attendees

Frances Borg – Auditor, Deloitte

Esther Conway – Actuary, Mercer

Board members

Roslyn Ramwell – Director

Stewart Little – Director

John Dixon – Director

Pip Carew – Director

Philip Moffitt – Director

Antionette Masiero – Director

Patricia Faulkner – Director

Jocelyn Furlan – Director

Leigh Clarke – Director

Angela Nigro – Director

Executive

Steve Hill

Jo Brennan

Katrina McPhee

Jane Couchman

Ian Pendleton

Minutes of the meeting

The Minutes comprise a summary of key aspects of presentations, questions and answers.

1. MC Welcome and Introduction

Richard Exton, the CTO for Aware Super and MC for tonight, welcomed all to the 2023 Annual Members Meeting.

The MC advised the meeting was being held live online. By hosting the meeting online, the format allowed members from across Australia to join.

The last financial year was a significant one for members of Aware Super and it was a year that culminated in a market leading investment result which members would hear more about from the CEO and CIO.

It was also a year in which Aware Super completed the largest digital transformation project undertaken in the Australian superannuation industry. To provide some perspective, around one million members were moved from an external administrator into a purpose built, new digital system that Aware Super owns and controls. Members would hear more about this project from the speakers tonight and what it means for members.

The MC introduced the panel and speakers for this evening's event.

The MC advised the speakers were:

- Sam Mostyn, Chair of Aware Super, who will provide an overview of the Funds' performance in FY23 and share her impressions after nine months as Independent Chair of the Trustee Board.
- Deanne Stewart, CEO, who will speak in detail about the Funds' work during FY23 and to date.
- Damien Graham, CIO, who will provide a summary of how Aware's investments performed in the last financial year and some of the factors influencing the markets in FY24.

Following the three speakers, a Q&A session would be held with the Chair, CEO and CIO joined by an extended panel of Aware Super executives and subject matter experts.

The MC advised, in addition to the extended panel, he wished to recognise the executive team, auditor, actuary and other directors who are also online.

An explanation was provided on how to submit questions online, noting as many questions as possible would be answered during the Q&A session. However, any questions missed would be addressed by publishing the answers on the Aware Super website by 5 January 2024 at the latest.

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. Throughout the evening shortcuts to access information would be provided which may be useful in answering any questions.

A live feedback survey was available during and after the event. The MC noted all questions and comments would be carefully read and used to improve future events held for members.

The MC then introduced the Chair of Aware Super Board, Sam Mostyn.

2. Chair's Welcome

The Chair welcomed all to the 2023 annual member meeting, noting this was her first annual member meeting as Chair of the Aware Super Trustee Board.

The Chair advised it was a wonderful privilege to join fellow directors on the Board, with all Directors appreciating the profound responsibility that members had entrusted to the Board to grow and responsibly protect their retirement savings.

The Chair provided the following address:

'After many years in executive and non-executive roles, I believe that we need to aspire to something higher than simply governance and that is stewardship. We must always question and challenge the decisions of the Aware Super executive and leadership team. We do that respectfully and constantly ask the question, is this the right thing for our members? I often judge our performance by asking myself, would a member sitting in the room with us today be proud of how we conduct ourselves. I like to think the answer is always yes. This to me is at the heart of what makes good stewardship.

We have seen too many failings of governance in the history of corporate Australia, some famous, but all with potentially devastating consequences for workers, families and communities. Companies have the right to make a profit and your superannuation benefits when they do. But they must do it in a way that is sustainable, legal and subject to the scrutiny of good governance. Aware Super is your fund and it is my expectation and my commitment to you that your fund would also be governed and steward to the highest standards that you deserve.

As your Chair it is vitally important to me that every member of the Aware Super team understands the very real challenges all our members face every single day. In my first months with the Fund, I have been honoured to meet with and listen to our members right across the country. I have also spent time sitting alongside our dedicated member support team as they have fielded your calls seeking our help, guidance and support on your individual journeys to retirement. It is vital that we listen to your feedback to make sure we are focusing on the things that matter the most to you.

Tonight, I want you to know that your feedback is heard. It is discussed at the board table, but more importantly drives the work we do to deliver the performance you need from us. Whether that is through investment returns, keeping fees low, making it easier to do business with us or just getting your questions answered. We have heard you tell us about the challenges you have been faced with during the past 12 months. Families across the country have been pummelled by a cost of living crisis that has carried on for more than a year.

I am sure we all welcomed last week's news that inflation might be starting to plateau in Australia. But it is also completely natural that in these times we are becoming focused on more immediate financial stresses. That is why it was so important that someone you trust is taking care of your super, protecting your retirement and helping to set you up for your best possible future. I really hope that tonight's update can help give you the confidence that you are looking for and we want to give you.

For the 2023 financial year, I am very pleased to report that we delivered a 10.7% return for our high growth option. This is our largest option and is the option where most of our members under 55 years old are invested. Our default pension option, conservative balanced, returned a very healthy 7.6% for the same period.

We are always pleased when we deliver great results, but it is not the one year result that matters the most. Our CIO, Damian Graham, will speak more extensively about our long-term investment strategy tonight. If you do have questions on this topic, please ask them via our form this evening.

One final comment I would like to make relates to the increasingly significant impacts of climate change on our environment and our way of life. The impact of climate change has been directly felt by more Australians than ever before. We have seen in more recent times the very real financial impact of a changing climate, which can be devastating for individual families and communities. It can threaten the quality of retirement for every one of you and what every Australian deserves to look forward to. Aware Super has been a leader in the Australian superannuation market, recognising the stranded asset risk posed by thermal coal assets and excluding these types of companies from our portfolio for several years.

We know there is much more work to do as these are not easy problems to solve and there are no quick or convenient solutions. However, there is progress being made both within our portfolio and around the world. The CIO will provide a more detailed update on some of this progress from the past financial year which members online would be interested to hear about.

Finally, it is important to say a heartfelt thank you to all of you, our members, and the many stakeholders who continue to support Aware Super as well as my fellow Directors, the executive and leadership teams of Aware Super and the many hundreds of our employees who come to work every day passionate about helping you achieve your best possible retirement.'

The MC commented it has been wonderful to have Sam Mostyn come on board as Independent Chair this year. Some of our members online will be aware you have had quite an extensive and varied career prior to joining the Aware Super Board. You were an advisor to former Prime Minister Paul Keating who introduced the superannuation system as we know it today. You have also spent time working in corporate Australia serving on the AFL Commission and most recently, chairing the Government's Women's Economic Equality Taskforce.

The Chair shared her first impressions on joining Aware Super.

The MC then introduced the CEO, Deanne Stewart.

3. Chief Executive Officer Update

The CEO thanked all for dialling in for this year's Annual Members Meeting. On behalf of the whole of the Aware Super team, the CEO thanked all members for entrusting us with the honour and privilege of protecting and growing your retirement savings. As a profit-for- member Fund, we have one goal in mind and that is to help you prepare for and then live your best possible retirement. Retirement is a deeply personal matter and whilst some members find retirement simple and straightforward, many others find superannuation quite complex, hard to navigate and at times overwhelming. That can erode their confidence in what retirement should be and what the future holds. Today, I wanted to share with you the three vital areas we have been working on over this past year to be the strongest partner we possibly can be to help you on your way and through retirement.

The first and most fundamental role we need to provide for you is delivering the most consistent and the strongest possible super returns, both during the accumulation phase while you are still working but also once you are in retirement. We also need to make the whole process as super simple as possible so that you can do what you want when you want and as immediately as you want. We also need to be super helpful by providing the right help, guidance and advice whenever you need it.

The CEO spoke to Aware's commitment to providing members with the strongest possible investment returns over the long term and provided an explanation of superannuation as a long-term asset. An overview of Aware Super's award winning lifecycle default fund was provided.

The CEO shared the following examples of how Aware has delivered to members over the past year:

1. We have heard from many thousands of our members that you want more socially conscious investment options. We have expanded the range to include a high growth socially conscious option which sits alongside our balanced socially conscious accumulation option. We have also added two new socially conscious pension investment options which now gives you choice of socially conscious investment strategies for whatever your personal risk appetite may be. Just yesterday our commitment to being a responsible investor was recognised by the Responsible Investment Association of Australia which named Aware Super as a Responsible Super Fund Leader in 2023. As a responsible owner, we aim to generate strong returns for our members, done in a responsible way. Alongside this we have also launched a range of low fee index funds that charge some of the lowest fees in the market today. A final product change is on our insurance side where we have updated our insurance offering to provide you and your family the right protection at the right price and at the right stage in your life. Through our partnership with insurer TAL, we can also give you and your family members access to more health and well-being services. One of those is around mental health assistance at a time when we know that access to mental health practitioners in the community can be incredibly hard to access. We can assist you find a mental health professional within 10 days. I also want to flag these services are available at no additional cost and whether you have insurance through Aware Super or not.

2. Member feedback on the importance of being super simple and super helpful. You have told us that you want super that is easy, for things to happen quickly and you want to be confident that we are proactively helping you when you need it. These requests have really driven us to undertake a massive digital transformation over the past three years which has just been completed. I know many of you will have heard me mention this project before at previous Annual Member Meetings, but now it had been delivered we can give you more of the detail on what this means for you. This project has empowered us to deliver the most simple and super helpful service in the industry and respond to your feedback. I genuinely say thank you to members for coming on the journey with us and being patient as we worked through this project. It has been set up to deliver a much better experience for you. During this transformation project we listened to members and asked for your help to design the essential products, systems and processes that all Aware Super members now rely on. Dealing with us is now much easier and faster. Not only are most of our transactions now digital, they are now automated and go straight through just like you would expect from any other online service

such as banking, online shopping or booking an Uber. We have made the process much more transparent for you to see what is happening. For any transaction that does not happen instantaneously, our My Activities tracker means you can follow the progress just like tracking the delivery of a parcel.

A short video was shown on the super simple promises delivered.

3. Our third and final promise was to be super helpful. I am talking about ensuring that you are able to get the help, the guidance and the advice that you need, easily, quickly and where possible, at no additional cost. We want to demystify retirement and make it easy for all of you to plan for your retirement at the time and the pace that is right for you. One example of what we have delivered this year is our industry leading 'My Retirement Planner tool'. This will give you a quick snapshot on how much money you are going to need when you retire and more importantly whether you're likely to achieve that goal. Even more than that, it will help you explore options that may improve your retirement outcome. Whether that is changing the age that you are planning on retiring, choosing different investment options or contributing more to your super or even helping you understand your eligibility for the government age pension.

A short video was shown on My Retirement Planner tool and the CEO shared some highlights of how the tool has been helping members.

The CEO also spoke about the Super Helpful Check-In service, which complements the My Retirement Planner tool.

The CEO provided the following remarks in closing:

'Before I close, I do want to flag that while I have talked about and emphasised our digital transformation and the myriad of services that we are now providing, I do want to reassure you of the importance of the benefit of human touch. Our frontline and support service teams are now even bigger and better equipped to give you personalised help that is right for you so that you can have the confidence you need. We are here for you every step of the way. I believe we are now leading in the industry with our super simple digital experience meeting our delivery of personalised super helpful advice. That is where we are strongest and it is where we are fulfilling our promise to you to be super helpful.'

The CIO, Damien Graham was introduced to share details about Aware Super's investment team and generating super returns.

4. Chief Investment Officer Update

The CIO provided the following address:

Thank you to everyone for joining us tonight. It is a real privilege to provide another update on your investments and how we are delivering returns. Our purpose is to help you reach your best retirement outcomes and when investing this is front of mind in all we do. The aim is to grow your savings over time by investing in quality, well diversified investment portfolios. We often receive valuable feedback from our members and a recurring sentiment is that you are looking for the confidence and assurance that your super is robust to support you throughout your retirement.

With this understanding, the focus of my presentation tonight will be to provide an update on key global market trends and how we are responding, how our investment approach is adapting in a changing environment, an overview of the year in markets and your returns and finally, what we expect in the period ahead.

The global market place is always evolving and it is critical we keep up with the trends shaping our outlook for the long term and considering both the opportunities and the risks. At the moment we are concentrating on three key global market trends 1) the expansion of the digital economy, 2) the shift towards a sustainable energy outcome and 3) demographic trends that we are seeing with an aging population.

The CIO shared some examples of what Aware is doing in the portfolio to respond to each of the trends of digitisation, energy transition and demographics.

The CIO then shared some observations on returns:

One of the best ways to see your super grow over time is to invest in a good variety of quality assets which is exactly what we do. I have presented some of our key asset classes and the responding market index performances over the last 20 years. You can see different assets will respond in varying ways depending on the prevailing market conditions. You can also clearly see there is not the same winner or top performer every year and it varies from one year to the next. In the 2022/2023 financial year as an example, global shares delivered some of the better returns while bonds were under pressure as central banks reset market expectations around where interest rates might eventually peak. We expect short-term ups and downs in markets and it is a normal part of investing, but diversification can add resilience to your long-term savings.

Moving on to how your investment portfolios look, the charts we are providing now represent our most popular diversified options and show how your money is invested across the different asset classes. In our high-growth options there are higher allocations to investments, like shares and private equity otherwise known as growth assets. In our more conservative options, typically those used by members nearing or in retirement, we adjust the mix and include more investments in defensive assets like cash and fixed income. Understanding our typical member life cycle and what they need from their super investments at different points in time helps us to build the appropriate asset mix to deliver those returns over the long term.

I highlight our approach is not 'set and forget'. We also reflect on how we can best evolve our portfolio as an approach over time, particularly as we grow in size. You may have read recently that we have opened an office in London. This is a really exciting development in our approach as it means we are able to get closer to a greater range of opportunities offshore to help deliver the returns you need over time. We are also committed to bringing more of our investment activities in-house and that is for two key reasons.

Firstly, by being closer to our investments, we have a better position to influence and drive change to help realise greater value. Secondly, we are able to reduce the fees we pay to external investment managers and that translates to lower investment fees for you over time and better returns. We remain committed to building a diversified portfolio that focuses on the long term, but one that has the flexibility to respond to market trends and evolve as we grow.

Looking back on the year in markets, the 2023 financial year ended with most markets in a favourable position yielding better returns and many investors predicted from the outset. Despite challenges such as rising inflation, rising interest rates, geopolitical unrest and the collapse of two regional US banks, the results were positive for most asset classes.

On screen, you can see a chart of the MSCI world index which represents global share movements for the 2023 financial year. Around September you will notice the markets drop quite quickly. This was in part because investors were still uncertain about the economic outlook and how much interest rates would need to rise. As investors began to focus more on the eventual sustained pause in interest rates, we saw an overall rise in global markets.

Moving to how this impacted your super returns, it was a good year for most of our members, with positive returns across most options. Whilst we are really proud of our returns for the year, we understand this is just a short period in your super investment horizon. Looking to the longer term periods is important as your super is a long-term investment. On this chart we have shown your 10-year average return to 30 June of 2023. You can see that your returns over 10 years are above the median returns for comparable funds and this is true for both our high growth option in accumulation and the conservative balanced option in pension. When you think about your lifetime return in super, seeing strong long-term returns is important as it evens out any abnormal years and it is the returns that reflect a steady growth in your super balance over time.

Looking ahead, there are some key things we are monitoring. We saw solid economic growth in the first half of this calendar year, but this has slowed down in the second half. We expect this slower growth to continue into 2024 as higher interest rates start to take a greater effect. We also believe that interest rates are likely to be higher for longer and this means that economic growth returns for some investments like shares might not be as strong as they were when interest rates will lower.

The question now is whether it will just be a moderate slowdown or in fact will we see a recession. We anticipate some further market volatility in the short term given this backdrop but we are well placed to navigate through any short term movements with a robust diversified portfolio. I hope I've provided you reassurance tonight that your portfolio is strategically positioned for the long term to build your super over time. It is a great privilege to oversee a large team of investment experts working on your retirement and we take this responsibility very seriously.

The MC thanked the presenters.

5. Audience Q&A

The MC introduced the Q&A panellists and the extended panel.

Members who had already provided questions were thanked, with members online reminded of the format for submitting questions.

Q: In relation to the investment in the village retirement in Keyton as mentioned in the CIO update, is there a longer term opportunity there?

A from the CIO: As stated in my update, we definitely see a fantastic long-term opportunity for retirement village assets. The aging demographic is such a powerful one in Australia and will continue for many years. Investing in that sector gives us a great opportunity to grow a very valuable asset and to become one of the largest providers of retirement village services in Australia. This is largely where we are today, so a really exciting opportunity and one that we think is strategically important to our members to deliver those great long-term returns.

Q: Why does it take several months for Aware members to receive their statements. One member has actually stated their statement which ended at 30 June 2023 wasn't received until mid-October this year?

A from the CEO: I really appreciate this question and certainly the statements this year did take a bit longer than normal as we were going through this really significant digital transformation and moving from the external administrator to in-house. That was certainly part of the delay. Now we have everything in house we aim to do this a lot quicker. I would add statements cannot be delivered immediately after June 30. From both a regulation and a compliance perspective, there was a need to ensure everything is accurate in the final statements issued to members. There are some investments (for example some of our unlisted assets like private equity) which do take longer to receive the right information on investment costs and fees. I would use the opportunity to let members know the information is now live from June 30/July 1 and if you want to check out your own individual balance or how many units you have, that information is all available online immediately.

Q: Will Aware Super use its vote as a shareholder of Woodside and Santos to vote against all directors that are blocking and delaying the transition to renewable energy by focusing their company resources on opening new coal, oil and gas projects?

A from the CIO: The question is one we do get asked quite a lot around our ownership in companies like Woodside and Santos. We do take our responsible investment commitment very, very seriously at Aware and part of our commitment to our members is that we will actively engage with the assets we own to try to ensure they are transitioning from a climate perspective towards that net zero future. It is important not just to manage the risks but to also take opportunities, so we do actively engage with companies such as Santos and Woodside. We will certainly use our vote on behalf of our members to send the board of those companies or other companies potentially very clear messages where they are not meeting our expectations and the expectations we believe are important for our members to grow their wealth over the long term. Absolutely, we would take the opportunity to vote no if there were companies not meeting our expectations.

Q: As the bulk of my retirement fund is with Aware Super, how secure is it in regard to cyber security, management of fraud prevention and protection?

A from Head of Information Security: Aware Super takes all security precautions that it reasonably can to keep your superannuation safe and to protect your confidential information. We have safe guards in place for when you call or transact with us and we continue to actively monitor the external environment to protect your superannuation and information at all times. Members can also visit **aware.com.au/security** for our most up-to-date information on how to protect your information.

If you have personal information connected to your account which you need to update, you can do so via the Aware Super mobile app which is downloadable from the Apple Store or Google Play. If you still have further concerns, please call Aware Super to discuss the current security measures and any additional options. Phone numbers are listed on the website.

Q: We have heard a lot about the state of public finances over the past couple of years. Does Aware Super have any connection to Victorian Government debt from the heritage VIC Super funds? Has the Victorian Government loaded it with any liabilities that Aware will be responsible for and how much of Aware Super's investment is directed to Victoria?

A from CEO: I can certainly confirm for members that we have not been loaded up with Victorian debt nor any of the liabilities from the Victorian Government.

However, Aware Super may from time to time look to actually invest in some assets in Victoria. A good example is VicRoads where Aware Super has invested and is a major shareholder, with good long term returns at the right risk profile for members.

Q: Can Aware Super please apply the socially conscious restrictions and exclusions to all investment options rather than offering special socially conscious investment streams?

A from the CIO: Yes, Aware Super is asked this question quite a lot and it is a really important question. We believe our job is foremost to deliver great returns to members over a long period of time and that is the most important thing for retirement outcomes. Aware Super do take, as I said earlier, the issue of responsible ownership very, very seriously.

We know to deliver the best returns to our members we should access the broadest universe of investment opportunities across multi or different sectors. The responsible ownership of and engagement process for assets is critical, with our job to ensure the assets are improving, including how the investments are dealing with climate and other social issues. However, with our fiduciary duty to deliver those strong long term returns, we do listen to members on any preferences to have greater restrictions and investments along the lines of key values and socially conscious options. We believe offering both the broader based options and the socially conscious options is the right way of delivering outcomes for our members.

Q: Is it true that union labour is being prevented from working on a building in New York?

A from CIO: The question relates to a project we are undertaking in New York at the moment. The specific project is based in Java Street and it is actually not true that union labour is being excluded. Worker rights are critical and is an area of responsibility which the Aware Super Board takes very seriously. We need to ensure that workers are safe, they are being paid fairly and they receive the right benefits as well.

The Board requested a process be undertaken for this project, which is currently underway, to engage with the unions to ensure that Aware Super understood the project issues and for the Board to have the required assurances. I can confirm union labour was not being specifically excluded and in fact, the first awarded contract was to a union-based contractor.

Q: Were any member funds were paid to the 'yes' or 'no' referendum campaigns? Further to this question, we have several members asking whether Aware Super contributes funds in any way to any union or political stakeholders?

A from the Chair: Thank you for the question and it goes to the heart of what I was trying to indicate in the opening remarks about the values and the impact of stewardship of Aware Super. I can absolutely confirm that Aware Super did not pay any money of any sort to the referendum campaigns. We would not make payments of that kind, it is members' money and we are very clear on this issue.

A simple statement was issued, which was supported by the Aware Super Board, to the effect that at a time of national consideration of the constitutional reform there were many matters where there was not a Voice in superannuation for First Nations people and in particular, Aboriginal and Torres Strait Islander people had not been part of a debate around how superannuation and the pension system worked for people who might have been excluded or had lower life expectancy. We felt it was important as a Board to make the statement that all Australians should investigate the questions being put to them and make their own decisions. However, it was an important matter for the community and one which was left to the choices of everyone as citizens. We did think it was important as part of our stewardship to highlight the Voice issue in superannuation, however, we certainly did not make any payments to the 'yes' or 'no' campaigns.

On the broader question of making payments to other bodies, Aware Super does not make any payments to political parties or in relation to any political processes. Aware Super would never make such payment as that would be a breach of our stewardship of members money. Occasionally, Aware Super has been involved in payments of very small amounts with commercial arrangements with unions. However, the payments are all transparently disclosed on our website and are matters relating to sponsorships and events.

Q: When are the company names going to be amalgamated? The member finds it frustrating having to speak to different staff to get information about different accounts and worries that this may mean unnecessary fees were being paid.

A from the CEO: I am pleased to advise the companies are now amalgamated. I would like to thank members for being patient with the whole process which has taken some time with the different mergers and the acquisition. Aware Super has had several different systems, products and websites through the transformation, however, these have all been brought together. It is now easy for members to access their multiple accounts all on the one website.

As a result, we have been able to reduce fees, particularly those in the pension phase, and also significantly on the investment fee side as we have grown in scale and been able to take advantage of the benefits of bringing all matters together.

Q: What is our marketing expenditure compared to other funds?

A from the CEO: Members probably noticed when the invite was issued for the Annual Members' Meeting, the disclosure included expenditure in areas including marketing. I can confirm, in terms of an industry average and considering we are one of the largest funds, Aware Super certainly has a lower marketing budget than many of its larger peers/ competitors. Different funds, for various reasons, tackle marketing in diverse ways. To provide some context on why any members money was spent on marketing in the first place, the organisation has very robust frameworks and due diligence around any spend of members money. Scale does matter in superannuation and it allows Aware Super to both look at much more direct investment opportunities and also enables the organisation to reduce members fee.

It is really important that our brand is known, particularly as Aware Super is a relatively new brand, even though we are a very old fund. It is important more members join our fund and that scale continues to grow because it ultimately allows us to reduce the fees and costs for our members as more of the cost is distributed amongst more members. This is why marketing is undertaken, however I can reassure members any marketing spend is very heavily scrutinised to make sure every dollar counts.

MC: I'm now going to throw a number of questions to our extended panel starting with our Group Executive, Advice Sarah Foreman.

Q: Wait times for advice appointments – can you share some details on this please?

A: Thank you for the question. It is always a privilege to be able to talk to our members and in particular, provide more clarity about how they can access some of the useful, help advice and guidance services we have available to assist members to navigate their working lives and obtain their best retirement.

We have several options for the members to access advice and the CEO touched on one earlier, the My Retirement Digital Advice Tool. This tool is available 24-7 online for our members to utilise and see what result they can achieve and how confident they should feel they will be able to obtain the retirement income they aspire to have. What we do with that digital tool and the outcome is to complement it with a Super Helpful Check-In where you can book in online to have a conversation with one of our planners. It is just a conversation explaining the tool, the information which has been input and the answers provided to make sure the member has understood the options, the play modes available and the statement of advice which can be printed at the end.

It is a very popular service and the timings on accessing those conversations would normally be about a week to 10 days, either by phone and through video link, if that was desired. However, as we approach Christmas, these times may be slightly longer as we manage the leave for our teams.

If you are seeking advice around your interests in Aware Super funds, whether that is in accumulation or in retirement, we do have a superannuation advice team with a similar video or phone advice service and wait times to the check-in. When everyone is back at work after Christmas in January, we expect the access to be readily available.

The final area of advice that we offer is where you need comprehensive advice about your whole-of-life situation or your household. We have a team of financial advisors who can provide that advice service, either face-to-face or virtually through the phone or video. Accessing a virtual service has almost no wait time, other than the time it would take to select an appointment time which suits and to gather the relevant information to obtain the best value out of the engagement with the financial planner. If the member requires a face-to-face engagement, Aware Super has a number of regions where there is access to a face-to-face appointment within a week of making an initial request. However, in some regions the wait time may be more extended due to the upcoming Christmas period or due to geography, there is limited availability for a face-to-face engagement.

We absolutely do our best and aspire to be able to give people access to a financial advisor within four weeks of asking for an appointment so there is not a long drawn out process to enable the member to obtain comfort, as quickly as possible, around planning towards retirement or living their best retirement.

Q: I'm retiring at the end of the year and need guidance. Is there any general advice or guidance you can offer for the member or anyone else online tonight in a similar position?

A from Head of Advice: Thank you for the question because I'm sure you are not the only member thinking about retirement today or in the near future.

Retirement is a deeply personal experience and there can be excitement around retirement. However, there is also a level of complexity that needs to be considered. When we talk to members about retirement, there are a number of financial matters which need to be worked through. There are also a number of other factors to be considered to ensure any financial decisions are actually made in the right context. Issues which many members are thinking about relate to health, the broader family situation and how these may be impacted going into retirement?

The best advice, given retirement is a deeply personal matter, is to engage with one of our superannuation advice team as an initial starting point. They can help you start to think about the options, uncover some of your goals and the questions which need to be answered. As a member you can access the service at no additional cost. At the end of the presentation (and possibly throughout) there should be a flash up with a QR code you can scan to your iPhone, Galaxy or device which will take you directly to being able to book an appointment with one of our superannuation advice team. There is also the option of accessing the Aware Super website or calling our contact centre.

Q: Another member has asked which is the best way to invest one's money with Aware Super and how many times a year is recommended?

A from Head of Advice: Again, this is actually a really personal question which is dependent on your own circumstances. As previously mentioned tonight, there is the Super Helpful Check-In. The process takes about 45 minutes and it is really quite easy, with great feedback received from other members who have used the Check-In. It is completed via video and will show what help can be provided and the options available. There is no additional cost as a member and the Super Helpful Check-In can help you explore some of those options and what may be right for you. The QR code and some of the options available will appear at the end of the broadcast to allow you to book an appointment to see one of our superannuation advice team.

Q: A member has asked for assurances that Aware Super does not have investments in companies complicit in illegal Israeli settlements on Palestinian lands nor in Israeli arms manufacturers or merchants.

A from Chair: This is an important question so thank you for posing it tonight as we have heard from other members in a similar vein.

I think many of our members have been curious as to whether there is any exposure of their superannuation savings to companies that are operating in the region impacted by the Israel/Hamas war. The war itself and the subsequent humanitarian crisis have deeply touched so many of our members, many of you on the broadcast and all of our staff and we recognise it is a very difficult time for so many people in our community.

We at Aware Super do grieve the loss of any innocent life in this conflict whether it be Israeli, Palestinian or any other citizen of our global community. Our members are diverse and a multi-faith community just like the Aware Super team. We condemn and reject anti-Semitism, Islamophobia and all forms of racism, particularly those that are rising in our country at the moment, and we continue to commit to a safe and respectful workplace for our employees and confidence for you, our members.

I know that the CIO and his team have taken this question very seriously and are looking deeply into our investments and undertaking a number of investigations to ensure Aware Super does not breach any of our commitments. As the work is underway at the moment, I cannot conclusively give you an answer. However, it is core to our values and the questions asked to undertake the investigations. Further communications will occur when we understand the results of investigations and alignment with our values.

MC: There is a question on whether this session is live and I can assure all, the session is live. I offer my apologies as we are having a few technical issues with the next slide, which can occur when you are live.

Q: Why do we talk about our high growth and conservative balanced options when the performance of defensive investment strategies is more moderate?

A from CIO: That is a very good question and tonight we have covered two main options, one of which is our high growth accumulation option which is the investment option our accumulation members have. We have talked about the life cycle approach, so if you are a younger member you will have your investments in our high growth option as you are still working and accumulating. As you move into retirement, we tend to find that most of our members have the majority of their retirement in the conservative balanced option but they have a different risk and return profile.

The high growth option is trying to make sure we maximise the risk appetite for our younger members because they have a longer period of time before retirement. They can recover if there is a market event or a downturn because they have many years in accumulation.

In relation to the pension side though, we look to reduce the overall risk and the volatility as we know that sequencing risk is so critical. That is the risk of having a negative market event just before you retire or in the early stages of retirement. Therefore we reduce the risk for the more defensive or pension related options, so there is a difference in return.

Our high growth option returned a little more than 10.5% to 10.7% and our conservative balanced pension option returned about 7.6% for the financial years. You can see the difference with the amount of growth assets, equities or other growth assets delivering a different return, but also at a lower risk. It is different outcomes for different members which is critical.

Q: For the overseas assets, how is Aware managing currency risks from the rapid changes in the value of the Australian dollar?

A from the CIO: It is an important question and a key risk for the investment portfolio. We do target for our investment portfolio a level of foreign exchange exposure. If we are investing in shares based overseas, they will be domiciled in another currency. We will undertake a transaction to reduce some of the exposure via a hedging process or effectively offsetting the currency exposure via a transaction.

It is reasonably complicated, however it allows us to target a level of exposure to a foreign currency which provides the best risk return outcome. For some of our investments, typically the unlisted assets such as property or infrastructure, we will actually make sure there is no currency exposure involved in those investments. However, for some of our investments, typically the equities, we do want to have some exposure to those foreign currencies. When there is market volatility or a heightened risk event, there is a tendency for the Australian dollar to fall in value and that will provide some offset to the fall in the asset. The offsetting process allows us to achieve a lower risk or lower volatility outcome through the process. We want to have some foreign exchange exposure but only on the assets where we think it is optimal with a detailed process undertaken to ensure that is the case.

MC: The next question is for our extended panel.

Q: It is hard to understand which advice services are free. Are you able to provide some explanations around what services are free and what are not?

A from GEA: There are boundaries around what advice services the fund is allowed to provide free of service using the fees we take from all members. One of the services allowed relates to the member's interest in the fund. The rules are not set by the fund and this issue is something we are more broadly and actively engaging with the Government on. The Government is exploring possible changes to be made in the financial advice industry to make the advice services provided by Super funds more impactful and to address the members' needs.

The Aware Super services available at no additional charge to members relate to our digital advice tools such as My Retirement Planner tool or engaging with our superannuation advice team who are a team of financial planners. The team are able to provide advice about your interests in the Aware Super suite of products. They cannot advise a member on superannuation held elsewhere in another fund or on any financial interests which are unrelated to the member's superannuation holding with Aware Super.

If a member has broader needs and requires financial advice, we have a team of financial planners who potentially can help. However, there is a fee for that broader advice service. For members who believe they have a real need for advice, I would say, have an initial conversation with one of our planners to explore the issues. This will assist in understanding your needs so we can deliver a strategy which would be of value. It can only be after the initial discovery conversation that we would agree any commercial terms to proceed with producing advice. This is a broad summary in terms of where the fees lie for services

Q: Is it mandated for the Board and Executive to have their own super invested in Aware Super and to what extent?

A from the CEO and Chair: No, it is not mandated and I am unsure such a mandate would be legal because we would be giving financial advice as an organisation. I can confirm in conversations held and the information we track on our advocacy, there is immense pride in the Aware Super fund and the majority of our Executives, our team and our Board are invested in the fund.

This year we have also started tracking an 'employee net promoter score'. This tracking will provide information to gauge the strength and degree to which our employees advocate for the Aware Super fund and whether they would recommend it to their family and friends.

Q: I noticed early this year, Aware created an investment option for indexed high growth. How will this option, after fee performance, compare to the existing option?

A from CIO. Yes, we did introduce a number of different investment options. One was the high growth indexed option which invests in typically indexed sector strategies. I would highlight we believe that it is a strongly performing fund and it is targeted towards delivering strong returns in the high growth area. At times it will either outperform or underperform against the broadly based My Super High Growth because it does invest in different styles of assets, being index focused or lower cost. The best answer to provide, is over time we will deliver its return objective and at some points in time it may underperform given the dynamics of the market and sometimes it may outperform. However, importantly on the long-term outcome, we believe it will deliver its objective.

Q: What is Aware Super doing about the government's forthcoming mandatory climate disclosures in its corporate reporting?

A from CIO: Our fund is very focused on ensuring that we are meeting our duties with regard to responsible ownership and climate is a critical part. Aware Super, for a number of years, has focused on ensuring we deliver outcomes or reporting aligned to the TCFDs or the target force for climate financial disclosures. This is a broadly based disclosure regime which allows us to provide information on that basis.

The government is actually changing and evolving the requirement, making a broadly based requirement for climate reporting based on the accounting standards, which will be introduced in a short period of time. Aware Super will ensure it aligns to the requirements as transparency is important. We always try to ensure we are providing plenty of information around how we are focused on delivering outcomes and engaging on the assets to ensure they are well placed for this energy transition. This will enable the organisation to pursue not only opportunities, but manage the risks involved as well.

Aware Super also provides extensive reporting through its annual reporting suite and members are encouraged to read the information as it includes the TCFD style reporting which we have been undertaking for some time.

Q: There have been a number of stories in the media this year about death benefit claims taking a long time to get paid. Why does it take so long?

A from CEO: This issue has received considerable media attention and at an industry level. Death benefits do tend to take longer to process relative to many other transactions for a number of reasons.

First of all, when you are dealing with death benefits and the passing away of a member, you turn your mind to where those death benefits go. When the member has completed a binding nomination or a non-lapsing binding nomination, you can actually pay monies to the family members or the intended recipient very expediently.

However, when such a nomination does not exist, the trustee must step in and undertake a full investigation to determine that the member's money is paid to where it was intended and this process tends to take longer.

As an industry, I certainly think we can do better and from an Aware Super perspective, we have focussed on this issue. As we have progressed through our transformation some areas have been reviewed for example digitisation so members can quickly view their accounts. One area addressed with our operating model was moving to a case person example. When a member death benefit claim is received, the claim can be case managed by the one individual so the person claiming is not being passed around different staff members and they know they are being looked after. Although it is early days in moving to the case manager model, we are receiving very positive feedback from members.

For some members though, as we progressed our transformation, the service offered around death benefits was extended during the time in changing from an external administrator to in-house. There was some backlog and I offer my apologies to members and any online if you were impacted. I am pleased to say the backlog has been addressed and there is a much more reduced time period, however, the process does take time. I would request, if you have an opportunity, please complete a non-lapsing binding nomination as it certainly makes the process a lot easier for your loved ones.

Q: Can we provide more detail on how some of the recent changes talked about tonight actually translate into member benefits?

A from the CEO: I will provide a few practical examples of real tangible benefits for members which is at the heart of the digital transformation. I reassure you the process was undertaken for one reason which was to make it as easy as possible for our members. A good example is that most of the processes, which previously were paper based and could take days or sometimes weeks to process, for the members to transact have now been digitised. The majority of those transactions, in fact 97%, are now digital and most are immediate, which is an improvement for members.

A second example of real benefit for members is we are receiving very positive feedback on matters such as the digital support and advice provided, like the My Retirement Planner or the ability to immediately book online an appointment with a planner. These items have provided significant benefits for our members.

The final example from a benefit perspective with the digital services and our upgraded insurance offering, is members are now able, if they want, to top up their insurance, cancel their insurance or view the progress of their claims. This is all available online and leading the way in the market, It is a positive step forward in minimising the time taken for claims or dealings with superannuation benefits. I think we are really proud of what has been achieved with members now able to access up to date information online.

Q: Why do we always talk about super being long term in response to complaints about growth. The member feels this is not relevant to him as he is reaching preservation age.

A from CIO: We talk a lot about growth assets and growth and how important it is to be long term in our focus. When you are investing in super, you may be working for 40 or 50 years before you retire. You are then likely to still have 20 to 30 years in retirement, so we know it is a very long term investment even when you are reaching preservation age or retirement. We know investing for a member in retirement might differ to when the member is younger. It is acknowledged adjustments may be required and life cycle approaches changed on the amount of growth assets held as a member approaches retirement. We also invest slightly differently for our members who are in retirement because we know it is important to moderate the risk as the member progresses into the earlier and mid years of retirement.

Growth is still important and when a member reaches preservation age, we need to make sure we are generating strong long term returns but also take into account moderating some of the risk and growth asset exposures. We do that through the life cycle and how we invest for our members in the pension phase.

MC: I would like to thank the Chair, CEO, CIO and extended panel online for their answers and contributions tonight.

We appreciate your questions and all will be answered and published on our website by 5 January 2024.

Please do not forget to share your feedback through the survey link on the screen. You are also welcome to stay online if you wish to access the links shared during the broadcast as they will be available for up to another 10 minutes so you can scan the QR codes.

The meeting closed at 5.30pm (AEDT).