



Annual Members' Meeting Questions & Answers

The following questions reflect the questions we received before and during our Annual Member meeting in 2022.

Some questions were answered during the event. These answers are available on our Annual Members' Meeting website, in the recording of the event and in the meeting minutes:

Aware Super: aware.com.au/amm | VicSuper: vicsuper.com.au/amm

If you have any further questions, please feel welcome to contact us:

Aware Super: enquiries@aware.com.au

General Enquiries: 1300 650 873 | Advice Enquiries: 1800 620 305

VicSuper: vicsuper.com.au/contact-us | General Enquiries: 1300 366 216

Aware Super: aware.com.au/returns | VicSuper: vicsuper.com.au/returns

Past Performance: Past Performance is not an indicator of future performance.

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Approved to ask on the night.

1. What progress has been made or is planned to fully integrate Aware and First State super apps? I have accumulation accounts in one and pension accounts in the other.

Answered on night in minutes/video.

2. Hello-I would like to know why aren't Franking Credits displayed on Quarterly or Annual Statements AND IF they can be in the future as well as being shown as a percentage of annual/ Quarterly Returns....Thank you.

Aware is a unitised fund where money is pooled with other fund members. The benefit of any franking credits is included in the unit price of the relevant investment option(s), so the unit price reflects the value of the assets held in the option adjusted for fees and expenses, as well as an estimate of the tax payable on investment earnings which is reduced by the effect of various tax credits (including franking credits), deductions and offsets. As a result, we are unable to allocate franking credits received or receivable by the Fund at a member level. Instead, they form part of the unit price of that investment option.

3. With being such a huge organization, can we reduce fees for all including retirees or people who have no activity in their accounts?

Answered on night in minutes/video.

4. Will this session be available to be re-played via a link?

Answered on night in minutes/video..

5. As the Chairman, Neil Cochrane, the equity market suffered turmoil in the last twelve months or during the Pandemic, what investment strategy to hedge against bear markets, for example, investment in gold shares?

Answered on night in minutes/video.

6. Aware Super has a giant asset fund under management with a powerful influence in investment in Green and clean energy supply. What is Aware Super's strategy to play a major role in pursuing a better environment for the next generations?

Answered on night in minutes/video.

7. How will the customer service be improved in the future as it has gone backwards since the mergers. The personal touch has gone because have to deal with a call centre. I live in the hunter Valley and my Financial Adviser is in Perth. Personal?

Answered on night in minutes/video.

8. Has the ethical investments option been completely divorced from fossil fuel companies?

Answered on night in minutes/video.

9. Given the low rates of interest at this time and the 'hate' for coal and gas, will our savings suffer?

Interest rates have risen significantly in the last 12 months however are still below long run averages. While the recent adjustment period has been challenging and volatile, ultimately higher cash rates are a positive for long term expected returns on all assets. We invest in a well-diversified portfolio of quality assets, and only take on risk where we believe it will be rewarded, with the aim of delivering strong long-term returns to our members.

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

Our first priority is always to achieve strong, long-term returns for our members. We do believe there are strong investment opportunities that can both deliver those returns and also benefit the communities where our members live, work and retire. To date, we have made several investments in retirement living, most notably our 49.9% stake in Lendlease Retirement Living. We're excited by the opportunity that this investment offers us to contribute to a growing global stock of high quality, safe and secure accommodation for retirees. Australia is home to a growing - and aging - population, and we'll continue to remain open to investment opportunities that may arise from this long-term demographic trend.

11. Are there other affordable housing projects planned?

Answered on night in minutes/video.

12. As a VicSuper member (or former) you stated that fees will be lower at the last meeting in 2021 with the merger. Has this really occurred?

Answered on night in minutes/video.

13. Do members of VicSuper receive the benefit of the same investment strategies and advice as Aware Super members? If not why not?

Answered on night in minutes/video.

14. Is Aware Super completely divested from organisations profiting from gambling?

We have a small exposure to companies involved in gambling activities that are listed on the ASX in our Australian Equities asset class. This exposure is less than 1% of the total amount we manage for our members'

Other Questions.

17. Will a recession affect my Super Fund?

Short-term economic predictions are notoriously difficult, and we expect that 2023 will present a different set of challenges for investors than 2022. In 2022, we saw inflation spiking far beyond expectations and rapid interest rate rises causing volatility in markets, followed by a peak in inflation and the pace of interest rate hikes slowing down. During 2023 we're anticipating a slowdown in economic growth globally and this may see more volatility in share markets. However some of that bad news is likely already priced in and so it's not necessarily the case that returns will be negative even if we do see a recession. We're confident that taking a long-term approach and focusing on maintaining a well-diversified portfolio of quality investments will be the best approach for dealing with this uncertainty.

In the chart (in appendix on page 15) we show periods where the US has been in recession in grey vertical shaded areas. During these times you can see that markets, represented by both domestic and international equity indices here, do fall. Our Accumulation Growth and High Growth options are also impacted by these

23. I am 68. I would like to establish (RIS) however I have exceeded the 1.7 because I have a balance cap Of \$643000 how do I go about it? What options do I have to dial with my excess above the 1.7? Could I CREATE 2 (RIS) for the excess?

As you're an existing member of the fund, one of our Superannuation Advice Team colleagues can provide you with advice on commencing a retirement income stream at no additional cost. The best way to get in touch with the Superannuation Advice Team is to call our Member Services Team on 1300 650 873. The advice team will be able to discuss with you how the transfer balance cap (TBC) limits the amounts an individual can have in the tax free retirement phase of superannuation. Depending on when someone first commenced a retirement income stream their personal TBC could be anywhere between \$1.6M and \$1.7M. The TBC takes into account all account based retirement income streams as well as any defined benefit pensions someone may hold. The number of individual accounts is not relevant as long as the total value remains within the specified limits. It's important to note that the current value of a retirement income stream may not be the same value being utilised for TBC purposes. To identify your personal TBC and available cap space it is best to log onto your My Gov account and access superannuation information via the ATO linked service.

24. How have you safeguarded Aware members from hackers - like Medibank and Optus who were hacked?

We take our responsibilities in this area very seriously. This question was addressed by our Chief Technology Officer during our Annual Member Meeting. You can view Richard's response within the Q&As of the AMM video presentation, or for ease of reference please find a transcript of his answer here: [aware.com.au/member/support-and-guidance/2022-annual-member-meeting](https://www.aware.com.au/member/support-and-guidance/2022-annual-member-meeting). Further information about our approach is at: [aware.com.au/security](https://www.aware.com.au/security). Should you want to discuss additional personal steps that you can take specific to your own account, please call us on 1300 650 873.

25. Why so few members attending? 264 at present on our screen.

All members received a notice to attend the meeting, however we understand that the timing does not always work for everyone. All members are able to view the recording of the meeting on our website, and access our Annual Report for further information.

26. At a recent meeting, we were told we "would not be allowed" to stay at our chosen life style. 4 unless we met at significant cost every 2 years. My general question is can we be told how often we have to meet and what level to keep our money?

Thanks for sharing your feedback with us. We'd love to follow this up with you directly to better understand your personal experience and circumstances so please do get in touch with us via our Member Service Team on 1300 650 873 as we didn't catch your details in the question to follow up with you directly. We would like to help you and Aware super has a range of advice and education services to meet your needs, including our Superannuation Advice team (advice at no further cost) are able to review your investment option selected to ensure that it aligns to the level of Risk you are prepared to take. Or, our Comprehensive Advice team (additional cost) provides holistic advice on matters outside of just your Aware account. Clients can meet with their financial adviser on the frequency that suits their particular needs to review short, medium and long term goals with you.

27. Will Aware organise a dedicated tel no and email address for customers who are in the RIS and Transition-to-Retirement category, instead of One tel # 1300650873 and One general email, ie enquiries@aware.com.au for ALL customers?

We understand that members, like you, who have more detailed questions about their retirement income stream and transition-to-retirement needs, need personalised help that's more relevant to their specific queries. A number of our certified staff are able to provide you, and these members, with factual information and general advice with all retirement needs. If you're looking for help to set up a retirement income stream, reviewing payments from an income stream, getting a retirement income stream projection, or need some more general advice, we encourage you to consider booking an appointment directly with one of our Superannuation Advice Team colleagues. You can do this by visiting [aware.com.au/member/superannuation-and-insurance/why-choose-us/free-advice](https://www.aware.com.au/member/superannuation-and-insurance/why-choose-us/free-advice) or call us on 1800 620 305 - it's no extra charge to speak to this team, and they'll be able to give you more detailed and specialised help that's relevant to you and your super.

28. 1. Why do the new investment options have titles that to the average member are meaningless?

2. Also where do I find out the balance of different investment areas within each of these new options.

3. Why does the new app only show me options I invest?

In developing our new investment options and their names, we undertook significant research and testing with our members. The testing with our members involved interviews where we took them through a list of new investment option names. The new investment option names launched in November, and these names were determined in consideration of our research and member testing, to reflect names that were easy to understand whilst accurately representing the underlying investments. However, if you would like to speak to our team about the names we can help you further please do give us a call on 1800 620 305.

The details of the Strategic Asset Allocation for each of the new investment options, from which each investment option balance is calculated, can be located on our website.

Please refer to the link below for further information.

vicsuper.com.au/investments/investment-options

Member feedback provided us with the insight that members were confused with the amount of investment options and the ones they were specifically invested in. We built the mobile app to personalise the investment graphs to the specific investment options the members is invested in and due to the size of the device screen make it a cleaner and more relevant experience. If you would like more information on other investment options we have, please do give us a call on 1800 620 305.

29. In RIS accounts, why has Conserv Growth option earned Negative -2.6% when the Balanced option earned Negative -1.4% FYE 30 June 2022, particularly when there is a higher exposure to Shares in Balanced option?

Returns were negative for both shares and bonds in FY22, which is quite unusual historically as we tend to see bonds perform well during periods of volatility for shares. We build diversified portfolios across shares, bonds and alternative assets like property, infrastructure and liquid alternatives and it was these alternative assets that proved most diversifying in FY22. Our Conservative Growth pension options don't include an allocation to the liquid alternatives - defensive asset class which was particularly strong this year and that explains the small underperformance compared to the Balanced Option. We tend not to allocate to these liquid alternative strategies for Conservative Growth as the level of exposure to shares is quite low, and we can rely on the diversification benefits of those other alternative assets to protect during market weakness.

30. I am a bit confused; you proudly tell us of your long term performance, but when meeting with a your financial counsellors, one of the first things they say is that past performance does not indicate future performance- so which is it?

You're absolutely right, we can't tell you exactly what investment markets are going to do in the future, and it's important that we're up front about that. What we can do, is share with you how we've gone over past years. Over the long term, you can judge our performance through market ups such as Australia's mining boom or the rise of global tech, or the downs like the GFC and the intense market shocks wrought by COVID. Giving you that transparency can help you, and members like you, decide whether we seem like the kind of fund that you would be confident can help you achieve strong returns over the long term - and ultimately, that's what super is for.

31. How and to What extent does Aware "Act on issues that impact sustainability of Returns, including climate change"?

When we consider investment opportunities, our overriding objective is to seek appropriate risk-adjusted returns from the portfolio we manage, which means both seeking strong returns and managing risk. We also integrate environmental, social and governance (ESG) factors into our investment processes because over the long term, companies that manage ESG well are more likely to increase in value. By contrast, companies that don't manage ESG risks appropriately have the potential to destroy shareholder value. They may also be more likely to harm the broader community and environment - and the consequences of those outcomes can also lead to further destruction of value.

As part of this investment approach, we have undertaken significant research and work to establish a plan to help us address the large, systemic and structural changes that limiting temperature rises and climate change will require. Our plan, known as the Climate Change Portfolio Transition Plan, is a framework of recommendations and targets that will focus our efforts on developing a decarbonisation pathway for our investment portfolio and transitioning our portfolio to lower climate change risk in our investments and, where required, helping those investments adapt to a changing climate, (e.g. working with our agricultural investments to help them adapt their practices to a warming and changing climate). Additionally, we are proactively investing in opportunities in energy efficient investments that will emerge as we move towards a decarbonised economy, and lowering risk through actively managing and engaging with portfolio investments on their climate change transition pathway. You can find more information on our Climate Change Portfolio Transition Plan on our website at aware.com.au/climatechange. In our Responsible Investment Report 2022 available

36. I thought it was an AGM. Is it?

Our Annual Member Meeting is a legislated requirement for super funds to help make the superannuation system overall both more transparent and more accountable to members. While the Annual Member Meeting has some similarities to a public company's Annual General Meeting, there are some significant differences. If you wish to conduct further research, there are resources available online which may help explain the differences between the two.

37. How did you value the Canva investment?

Our investment in Canva is valued by our external investment manager, Blackbird Ventures ("Blackbird"), through whom we hold our exposure to the company. In turn, Blackbird have engaged an external valuer to conduct an independent valuation of Canva as at 30 June 2022. The external independent valuation takes into account the valuations of comparable listed companies at the same date, as well as private market transactions and company specific factors such as Canva's growth rate, profitability and size. Our current carrying value of Canva is unchanged from the recommended 30 June 2022 valuation, as the range of input factors have not changed materially in order to warrant an updated valuation.

Aware Super will also undertake tests of third party manager valuations, and where it believes those valuations are over or understated, will conduct an internal valuation exercise for relevant assets.

On 17 November 2022, APRA released for consultation updated guidance on investment governance for superannuation trustees, to assist trustees in meeting their requirements under the recently strengthened Prudential Standard SPS 530 Investment Governance. Feedback on this guidance will be received until 17 March 2023.

38. Why did you invest in Guzman y Gomez?

We invested in Guzman y Gomez (GYG) as the business has demonstrated a strong track record of brand strength, growth in store count and productivity since establishing their first store in 2006 in Newtown, Sydney.

Our analysis indicates an attractive return profile for members and assumes continued strong growth in the Australian store network and ds9rlty deturn sfrom tboh iTJJO -1.2 Td[ucorpo)12 (ate,and df)12.1 (angluyl (alian s.253lackbir)16.1 (dM

41. I was disappointed with removal of Aware's mid year report just announced. Any replacement reports or newsletter? Must be very current please.

We agree! Access to current information on your account is vitally important. That is why all our members are able to access up-to-date information about their account online via the member portal, and via the app. We believe this digital-first approach helps our members have greater control and visibility of their account.

42. Can you please explain why VicSuper introduced a general insurance administration fee? I see no benefit to members. The fee seems unusual, unfair, and risky, as the amount can be increased in future.

VicSuper, like many other super funds, has introduced this fee to help cover costs from the members who hold and benefit from this insurance and all insurance premiums paid by members are paid to the insurer. This is to ensure they have sufficient resources to maintain and administer insurance benefits for members and manage claims for members as they arise.

43. What are your latest thoughts and recommendations re your Diversified Socially Responsible Investment fund income stream members? Doesn't seem to get much reference?

As part of our annual review, we recently made some changes to the Diversified Socially Responsible Investment (SRI) option for pension, including slightly increasing the CPI+ target investment objective and also some of the screening criteria to meet updated industry standards. To 30 June 2022 the 1 year return for the Retirement Income Stream Diversified SRI option was -2.92%, and over the 10 year period, the option has returned 7.91% p.a. We are also expanding the number of Socially Responsible options offered in Retirement Income Stream in 2023. More information on these can be found below, and information on these new options will be provided in the next couple of months.

You can read about these changes in the significant event notice published on the 30 September 2022, and available here: [aware.com.au/content/dam/ftc/digital/pdfs/about/significantissues/AS-SEN-Accum-0922.pdf](https://www.aware.com.au/content/dam/ftc/digital/pdfs/about/significantissues/AS-SEN-Accum-0922.pdf).

[aware.com.au/about/governance-and-policies/sen](https://www.aware.com.au/about/governance-and-policies/sen).

For the Diversified SRI performance, please see the website here [aware.com.au/member/investments-and-performance/returns-and-performance#tab-contentpar-tabs-tab1](https://www.aware.com.au/member/investments-and-performance/returns-and-performance#tab-contentpar-tabs-tab1).

44. How much was spent on media advertising during the Tokyo Olympics in 2021?

While we are unable to provide specific information due to commercial confidentiality, we can share that as a broadcast sponsor of Channel 7's Olympics and Paralympics we were able to achieve a significant increase in the value of our advertising investment with the network.

In terms of the cost of the campaign, this is included in the marketing costs figure that we disclosed in preparation for the Annual Members Meeting here: [aware.com.au/content/dam/ftc/digital/pdfs/member/factsheet/annual-member-meeting-2022.pdf](https://www.aware.com.au/content/dam/ftc/digital/pdfs/member/factsheet/annual-member-meeting-2022.pdf).

It's important to note the importance of marketing investment in attracting new members to Aware Super.

As our overall membership grows and we achieve greater scale, we are able to realise significant operating efficiencies - ultimately lowering fees ally Respeve caod(As oemb

51. Now that the various investment options are increased in number, and the member can perhaps “customise” their Super Fund investment choices more, do you guys have any “general advice” on the optimal number and mix of choices that individuals make?

MySuper Lifecycle is Aware Super's default super investment approach that tailors your investments to

Pre submitted questions not answered.

55. Have investment strategies towards fossil fuels changed negatively over recent times. If so, have members lost opportunities to benefit from prevailing massive returns in these sectors which may have been unduly demonised by climate change fear.

We have conviction in the world moving to net zero and have limited the exposure (not eliminated) to reduce the risk of stranded assets in the long term, and the impact this will have on our members' retirement outcomes. We believe climate change is one of the most significant long-term risks to our portfolio – and therefore our members' retirement outcomes. Consequently, we have developed a Climate Change Portfolio Transition Plan, which is a framework of recommendations and targets that focus our efforts on:

1. developing a decarbonisation pathway for our investment portfolio;
2. transitioning our portfolio to lower climate change risk in our investments and, where required, working with the relevant investments (e.g our agricultural investments) to help those investments adapt to a changing climate;
3. proactively investing to capture opportunities in energy efficient investments that will emerge as we move towards a decarbonised economy; and
4. lowering risk through actively managing and engaging with portfolio investments on their climate change transition pathway.

You can find more information on our Climate Change Portfolio Transition Plan on our website at [aware.com.au/climatechange](https://www.aware.com.au/climatechange).

Our commitment to invest responsibly and limiting exposure to high carbon producing assets, has impacted relative performance given the unexpected rally in energy companies in FY2022. We were underweight compared to market which has led to a small degree of underperformance.

During the year there was a confluence of supply disruptions, with energy companies themselves not investing in future capacity, as they too are planning for the lower carbon future. In Europe and Russia we saw cyclically higher demand which was further challenged by the reduced supply from disruptions mentioned above. These companies have struggled over the past few years as markets have started to price in net zero targets.

56. 1. How does the board justify holding stock in News Corp and Fox Corp, given those companies anti-democratic interventions in Australian, US and UK affairs?

2. I note that the socially conscious rules have been relaxed for administrative convenience to allow a percentage of investments in sectors/

companies that have no social licence. Will Aware wind those percentages down to zero and when? Surely even almond investments in the Murray Darling are unwise environmentally given the damage to that river system to supply water to almonds recently.

3. Is it deliberate to make it so very difficult to find Aware's investments? Thank you. Not feeling good about this takeover, as a VicSuper member.

We manage approximately \$150bn of our members' retirement savings, investing across a range of companies, assets and locations, to help our members achieve their retirement outcomes. A big part of helping members grow their superannuation, and cushioning it when markets are volatile, is holding a well-diversified portfolio.

We have a small exposure to the companies you have mentioned. For our whole fund, we integrate environmental, social and governance (ESG) factors into the investment process, and generally our approach is to use engagement and proxy voting to positively influence the behaviour and ESG practices of the companies we invest in, rather than excluding sectors or companies from our investment portfolios.

During financial year 2022 we made the decision to allow 5% of the Private Equity asset class to invest in companies and other entities that don't meet the screening criteria. We have included these investments to better manage this option to meet its investment objective and to increase diversification of the private equity asset class. This means there may be a small exposure to investments that do not meet the screening criteria of the Socially Conscious option, however the relevant external managers who invest in these assets have indicated that they are exploring options to exit these investments.

Prior to the successor fund transfer with Aware Super, the exclusionary screens only applied to the equities and fixed interest components of the investment option. We have since extended the screening criteria out to cover all asset classes, excluding the small change made this year in the Private Equity asset class.

To your comments on water, we recognise that water is one of the planet's scarcest resources and is in decline. Effective water management and stewardship of our almond farms is important to us. As such, we seek to ensure that our almond farms' lessee, Select Harvests, uses water as efficiently as possible and actively explores avenues to reduce water use and improve productivity whilst maintaining and improving almond yields. Select Harvests actively engages with all relevant water authorities, community groups, industry bodies, environmental organisations and broader government authorities to address water related impacts and promote sustainable use of water, now and into the future.

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