

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' super as at the end of November 2022.

For the whole fund, we integrate environmental, social and governance (ESG) factors into the investment process. 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.

For those members concerned with the exposure to the gambling sector, we offer a Diversified Socially Responsible option for Aware Super members and Socially Conscious option for VicSuper members. These investment options screen out certain industries or companies, including gambling, where they don't invest in businesses generating 5% or more of their revenue from the production, distribution or provision of services in relation to gambling. Therefore, companies such as Aristocrat Leisure, PointsBet, Star Casino and Redcape Hotel Group are excluded from the Diversified SRI and Socially Conscious options. Please read the PDS for more information about these options and consider whether they are right for you and your retirement goals before switching.

If you would like further advice on your investment options at no extra cost, members are able to call us on **1300 650 873**.

15. Does the property investment portfolio include land around the second Sydney Airport where land values have increased hugely?

Yes, our property portfolio has benefitted from early investment in industrial development in Western Sydney, which has seen large land-value growth in recent years. One key acquisition was the purchase of Bankstown and Camden Airports in 2015.

We continue to seek similar industrial real estate opportunities in Western Sydney, in areas that are well supported by existing or future infrastructure links.

16. When will StatePlus clients be able to view their products via the Aware App as former First State Super clients can?

Answered on night in minutes/video.

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 recessions, however the fall is less pronounced than the market itself. This indicates that having a well-diversified portfolio and staying invested for your retirement goals will likely be the best course of action, even during a period of recession.

18. I understood from my Aware adviser that there would "soon" be an "ethical investments" option in Flexible Income Plan pension accounts. I haven't seen that option yet.

We're past soon - it's here! Our Flexible Income Plan added the 'Socially Conscious' diversified investment option in June 2022. More information and details about the option can be found here [aware.com.au/member/investments-and-performance/our-approach-responsible-ownership/socially-responsible-investment-options](https://www.aware.com.au/member/investments-and-performance/our-approach-responsible-ownership/socially-responsible-investment-options).

19. When the Returns continue to result in the Negative, eg RIS Conservative Growth earned -2.6% FYE 30 June 2022, then how can RIS members look forward with confidence to enjoying, as the CEO indicates: "your best possible retirement"?

It's important to remember that superannuation is a long-term investment. We understand that negative investment returns can be concerning, particularly when a conservative strategy is involved. While the FY22 returns are disappointing, it is important to remember this followed a very strong year in FY21. What's important is that over the long run, taking on a measured

amount of investment risk can generate strong returns above inflation - and this is what you need to do in order to compound your wealth to support a sustainable income in retirement.

Members should always seek advice specific to their individual situation. This can be provided through your own financial advisor, or one of our free Superannuation Advice Team advisors, who can discuss your investment options and whether your current strategy is the most appropriate option for your personal circumstances. The best way to get in touch with us is to call **1300 650 873**.

20. Pension payment delays In this computer age why are you not using "fast payments". From when you process the payment it takes 2 - 4 days to be received. Where is the payment for this time. Over the year 36 days (3 x 12) of no earnings or losses.

There are a number of different reasons why payment processing can take a number of days to be completed. Several of these will be addressed as part of the transformation program mentioned at the Annual Members Meeting.

As we are unable to identify your account specifically from the information you provided us, we are unable to give you a more specific answer, however please call us on **1300 650 873** if you would like to discuss or seek further information.

21. I am not seeing or hearing anything. Has it started?

N/A.

22. Question on Fees: Why are there TWO Admin Fees on RIS, ie: \$52pa PLUS Asset-based Admin Fee: 0.23%?

There are two fees as Aware Super charges both a fixed dollar admin and asset based admin fee to balance out what each member contributes toward administration costs. Whilst there are funds that charge either a fixed amount or % fee we, like most funds, find having both provides the best balance and by capping the % administration fee we avoid high balance members from paying unnecessarily high amounts in admin fees.

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. Further information about our approach is at: 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 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

here, [aware.com.au/about/governance-and-policies/company-reports-and-audit](https://www.aware.com.au/about/governance-and-policies/company-reports-and-audit), we outline some of progress we've made against our Transition Plan this year, and Damian Graham also talked to this progress in his presentation. We also recognise that the transition to a lower-carbon global economy will generate investment opportunities, and we are extremely proud to have more than \$1b invested in renewable energy and similar assets. We expect that acceleration of the energy transition will continue to create new investment opportunities, which we will continue to evaluate as they arise.

32. Is the asset allocation in the "Balanced Growth" product the same as what used to be called the "Balanced Fund"?

The short answer to your question is 'no, but they are similar'. As we have merged with other funds in the past few years, we've moved to simplify the number of investment options we offer. One of the main ways to do this is to align similar options that have similar objectives, asset allocations and underlying investment exposure. All our 'Balanced Growth' and equivalent superannuation options have a target of 57% growth assets - so from this perspective they are aligned, in their respective accumulation and pension products. The Aware Investment Funds also has a 'Balanced Fund' option. This option has a slightly different objective, so it has different asset allocations and different underlying investments compared to the superannuation offerings. You can find out more by reading the Product Disclosure Statements available on our website to help you compare the different Balanced-style options. Alternatively, if you have specific questions about your investment options, you might like to speak with one of our Superannuation Advice Team - at no extra charge - by calling our Member Services Team on 1300 650 873.

33. I have two plans Tailored super conservative Return less than 3% Flex income plan also conservative but Lost money approx 2% Resulting client action Asked for details and facts but told need to make appoint with fin advisor +fees.

We note this was not posed as a question, but as you're an existing member of the fund, one of our Superannuation Advice Team colleagues can provide you with advice on your accounts with us 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.

34. How can you boast a near doubling of Victorian car numbers by 2030 to boost returns while espousing ESG leadership? It's a fundamental conflict. Even EVs mean public space we don't have and resources.

Our commitment to responsible ownership, including consideration of ESG factors, forms part of the way in which we analyse an asset in which we might consider making an investment. ESG factors help us understand the way in which a company or organisation is run - they help us to evaluate the risk to the capital we are investing, and provide some insights to the long-term sustainability of the organisation's operation. Your example of the Victorian Motor Registry (VicRoads) investment highlights how our long-term investment horizon translates into identifying high quality assets in which we can invest - as you note in your question, we do expect significant growth in the number of vehicles that need to be registered in Victoria over the rest of this decade. As part of the investment process for the VicRoads investment we conducted an ESG review. Based on our analysis, including the growth and outlook for the investment, we believe VicRoads will deliver strong long-term returns to members, while being in line with our Responsible Ownership principles.

35. Why are State Super and Aware records not yet properly aligned? We were appalled to be switched from one phoneline to another because you put all that money into PR and pink signage before fixing the back room stuff.

In order to help service members across both entities, we have dedicated teams trained to support the specific needs these members have, which does mean we need to transfer to relevant teams members to ensure members get the right support they need for their situation and for their account. You'll be pleased to know that we have commenced a Transformation strategy which brings all entities onto the same servicing model and onto one system, with our StatePlus business to be transitioned by the end of 2023. In the meantime we continue to do our best to keep our website updated with the relevant information for our members to contact us.

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 healthy returns from both corporate and franchised stores over the medium term. The investment has also met required investment hurdles for inclusion in the portfolio and followed our investment process. We believe that because of this, it is a good quality business to form part of our Australian Equities asset class.

39. Can you please sum up the performance and prospects of Future Saver, which has gone backwards and costs more than mysuper?

VicSuper FutureSaver Growth (MySuper) had a small negative return (-3.32%) for the financial year. As Damian Graham (CIO) addressed in his presentation, there were a number of market factors that contributed to the volatility throughout the year, and this impacted short term returns for the option. Super is a long-term investment so it is important to look to the long term and, although there was a small negative return for this financial year, the same option has returned 8.69% p.a. over the 10 year period to 30 June 2022, making it a top-10 performed product and above its peer group median. We are unable to comment on the overall costs of the MySuper you reference, however note that Investment fees for the FutureSaver Growth (MySuper) option were also lower this year compared to the previous year. In terms of future prospects, in November 2022 we started the process of transitioning Growth (MySuper) members over to our MySuper Lifecycle approach. Our MySuper Lifecycle approach is designed to help you retire with more, investing for growth when you are younger, and gradually derisking your investment mix as you get closer to retirement. You can read more about the Lifecycle approach here: vicsuper.com.au/our-products/mysuper-lifecycle.

40. Did the name change follow from naming and shaming for charging for advice that we never received?

No, the two things are completely unrelated. We launched the Aware Super brand following the merger of three strong, state-based industry funds in 2020, to bring all our members together under one roof and with one national identity. An important part of merging is to take advantage of the benefits offered by scale, whether that be through access to new investment opportunities, or by realising operating efficiencies - and as an industry fund, if we can achieve those efficiencies then we deliver those benefits back to our members through lower fees. Today, Aware Super is one of the largest funds in Australia, a globally-recognised and respected institutional investor, and a fund with a proud track record of delivering strong returns to members over the long term.

The historical fee-for-no-service issue you refer to relates back to conduct that began in the StatePlus financial advice business before we acquired it as an asset in 2016. StatePlus clients who were affected by that conduct were remediated in full by the end of 2019.

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 even 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.

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.

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. 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 for existing members. With more funds under management we also unlock new investment opportunities, particularly in sectors where we seek to invest directly such as in property and infrastructure.

45. What is the criterion for renting in one of Aware's housing estates?

An independent firm manages the tenancies and applications for our Affordable Housing portfolio. You can find out more information and apply through our partners Evolve Housing. evolvehousing.com.au/find-a-home/affordable-housing-sydney/.

46. What is your forecast of the investment climate in 2023? Will it be better or worse than 2022?

Short term predictions are notoriously difficult, and we expect that 2023 will present a different set of challenges for investors than 2022. While this year we saw inflation spiking far beyond expectations and rapid interest rate rises causing volatility in markets, we're now seeing inflation peaking over the next few months 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 whatever 2023 sends our way.

47. Please provide information about super pensions. Information has been very limited.

Our website is full of helpful resources. For example, our retirement hub is a great place to start. We also have online retirement seminars which we strongly encourage everyone attend. In particular the 'how to know how much is enough in retirement' may answer many of your questions. But if you do have any additional questions - or just want to talk to our helpful team - please feel free to call the Superannuation Advice Team (free of cost) on **1300 650 873**.

Please find all the information we have publicly available here on pensions and how they work:

Retirement Hub - aware.com.au/member/retirement.

Webinars - aware.com.au/member/events/on-demand-webinars.

48. How big a risk is climate change in relation to equity investments in the future?

We believe climate change is one of the most significant long-term risks to our portfolio, which includes equity investments – and therefore our members' retirement outcomes. As a result, we have undertaken significant research and work to establish a plan to help address the large, systemic and structural changes that are required to limit temperature rises and climate change. Our plan, known as the Climate Change Portfolio Transition Plan, is a framework of recommendations and targets that will 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 relevant investments (e.g. our agricultural investments) to help them adapt their practices to a warming and 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.

For our listed equities portfolio, we have already achieved a 45% reduction in emissions intensity for this portfolio, ahead of our 2023 target for a 30% reduction. In our Responsible Investment Report 2022 available here, aware.com.au/about/governance-and-policies/company-reports-and-audit.

49. Does Aware invest in shares directly with the share market and if so what happens to franking credits? Steve.

For Aware Super super products, we invest directly in shares on the Australian share market. These investments are made through the various investment options available to members. The money the member invests in their super is used to purchase units in one or more investment options. The value of their account is determined by the value of their holding in the options they have chosen to invest in. Each business day the unit price of each investment option is calculated. The unit price is broadly the value of the assets held in each investment option. The unit price is then adjusted for fees and expenses as well as an estimate of the tax payable on investment earnings. The estimated tax payable may be reduced by the effect of various tax credits, deductions and offsets (such as franking credits). The amount of tax payable on investment earnings is taken into account when calculating the unit price for each investment option. For the Aware Investment Funds the Balanced, Growth, Moderate, Capital Stable and Australian Equities options invest in underlying unit trusts that have direct exposure to Australian shares. The benefit of any franking credits received are distributed to unitholders.

50. What safeguards in place to be implemented to tolerate short term negative returns? Such as some money reserved to compensate in case of short-term negative return.

We understand that the volatility in markets can translate to risks such as short-term negative returns, and we have certain safeguards against such volatility (as discussed in the Annual Members Meeting). These include diversification, unlisted assets and risk mitigation strategies within portfolios. Due to the personal nature of your portfolio and to better understand what might apply to you, you may wish to see a financial adviser. You can do this by scheduling an appointment with our advice team by calling us on **1800 620 305**.

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 your age, to help you retire with more. It's where close to 600,000 or more than 85% of our super (accumulation) members invest their money. Our diversified options include a range of asset classes and investment managers providing investors with a simple investment option. Our expanded range of investment options including increased choice in Socially Responsible Investments and our new options in Index Investing – allows members who have a preferences in these areas to further tailor their own portfolio's based on personal preference. We have a range of services to help members understand the options available through general advice, and personal advice through the superannuation advice team (no further cost), if you would like to get in touch with this team please call us on **1800 620 305**.

52. Can anyone from Aware explain to me what is a paper loss is? A loss to me is a loss.

A loss on paper, also known as an unrealised loss, occurs when the value of an asset drops below its original price but the investment is not yet sold. It's important to remember that Super is a long term investment and that you need to have exposure to risk in your portfolio so that you can generate strong long term returns above inflation. Your balance will go up and down over time (other than investment in cash) and clearly 2022 saw balances falling, but if you remain invested and don't switch to cash then history tells us that those losses are temporary.

53. Hi You mentioned the new digital apps coming on board. Yay. And you've said you have a 24/7 surveillance. When testing, can you assure us that no-one is testing in the real, online environment?

In relation to testing in production environment – it is standard software development practice to test releases in production to ensure what has been deployed hasn't broken anything and is working as expected. So yes, we do test in the real online environment but only to validate the systems are working as expected – there is no developing directly into the production environment and no member personal information is accessible during this process. In relation to your point on 24/7 surveillance, in regards to security on accounts and data security, we do have this monitoring in place.

54. Who manages the properties owned by Aware super?

The properties which are owned directly or indirectly in whole or part by Aware Super are either managed by external managers or through operating platforms that Aware Super has a direct ownership stake in. Each of the investment managers that Aware Super currently works with are published on the Aware Super website aware.com.au/member/investments-and-performance/how-we-manage-your-investment/investment-partners. Aware Super remains focused on strong returns and driving lower fees for our members, and a key strategy to achieve this is through increased investment through operating platforms. For example, Aware Super owns the recently established Aware Real Estate platform, which is used to source, develop and operate the majority of our investment in essential worker affordable housing, industrial and mixed use opportunities in Australia. Operating platforms such as this have their own Boards comprised of directors who have extensive industry experience, employ property experts and staff to manage and operate existing property assets.

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.

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.

We publish a full list of our investments, known as portfolio holdings disclosure and other investment case studies on our website. You can find the links to these on the VicSuper website here: vicsuper.com.au/investments/what-we-invest-in. We appreciate your feedback on making this information more accessible and will take this on board.

57. How can the CEO claim in her Report (Ann Report 2022): that members can look forward with confidence to enjoying "your best possible retirement" when Returns continue to result in the Negative, e.g. RIS Conservative Growth earned -2.6% FYE 30 June 2022!

Returns in any year will vary, but you should always think of super as a long term investment. The negative returns in FY22 are disappointing, but came after a very strong year in FY21 so we encourage you to stay the course and not react to any short term outcomes. As Damian Graham showed in his presentation, over the long run, taking on a measured amount of investment risk can generate strong returns above inflation and this is what you need to do in order to compound your wealth to support a sustainable income in retirement.

58. In RIS Accounts, WHY has the CONSERVATIVE 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?

Duplicate question.

59. 1. I would like to see the Financial Year to Date balance figure related to my personal Account. Example: If the balance of my Account is \$10,000 on July 1st last year and my Balance is now \$10,100. Then I would like to see the figure "Year to date Balance \$100" on the Overview page of my Account. Likewise if the Balance is now \$9,000. Then I would like to see the figure "Year to date Balance -\$1000" on the Overview page of my Account.

2. I would like a detail explanation of how the Rate of Return is calculated on my account. Example: If my Account is based on "Growth", At the end of the Financial report I would like to see a breakdown of how the Return Rate is calculated, not just a general figure saying the return on "Growth" is x%. I would like to see a detail breakdown of all the figures that lead to the Return Rate so it is easy to understand and fully explained. Currently I don't have a clue how the Return Rate is calculated.

Thank you for your feedback regarding viewing your account information in our member portal. Members are able to view the return on their investment in the member portal. However, this information is not currently displayed on the Overview page. If you would like guidance on how to access this information in relation to your account please contact our Service Centre. We also provide information on how we calculate the individual rate of return on our website here: aware.com.au/member/forms-and-resources/understanding-your-superannuation-statement/returns-are-now-personal.

60. Given the less than satisfactory performance of most super funds, the income from super fund of a self funded retiree is only worth a fraction of the income received by a Centrelink Aged Pensioner. Besides, the self funded retiree is excluded from all Government concessions (such as Council and utilities rates, doctor bills etc) offered to Centrelink Aged Pensioner. Hence supposedly rich Self Funded Retiree who saved through their whole life is now much poorer than an Aged Pensioner. This is very discouraging for younger people to save money into Super. Is Aware Super prepare to discuss, or lead the Super Industry to discuss this unjust issue with the Government with the hope of getting the income of a Self Funded Retiree at least equal to that of a full Centrelink Aged Pensioner? Ken

We advocate to the Government on behalf of all our members, including self-funded retirees, and will continue to discuss the appropriate policy settings with Government to ensure equitable retirement outcomes for all Australians. We understand that recent market conditions can impact your retirement plans. Self funded retirees should be able to enjoy a higher income than the Government Age Pension in most scenarios, and we are committed to providing members with the support and help they need to structure their super and draw the income they can afford. We offer advice on your superannuation at no extra cost and encourage you to contact us to discuss your personal circumstances. 80% of Australians are eligible for some support from Govt Age Pension by age 80 and so it is important to reconsider whether you qualify throughout your retirement. We can support members to access the Govt Age Pension they are eligible, which can help your savings last even if you are only eligible for a small amount.

61. As a retiree reliant on my Aware income stream now I would like to receive a current monthly newsletter with news and tips relating specifically to income stream members and the various fund performances. I feel this communication is lacking from Aware.

Thank you for your feedback, we are focused on updating information and news on our website regularly for our members to keep up to date with their super and what is important to know. We also offer an extensive education program and our event schedule is also available here: aware.com.au/member/events/on-demand-webinars. However, we will take on your feedback and feed it into work that is currently underway in relation to member communications.

62. As a recent retiree and income stream member my life savings are invested in your Diversified Socially Responsible fund. What improvements, adjustments and directions are you taking for the maximum performance of this fund, socially and for my income returns?

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.

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#tabpanel-par-tabs-tab1.

Appendix.

In the below chart 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. Similarly, we have shown how our Accumulation Growth and High Growth options have been impacted by a period of recession, and while there is a fall it is less pronounced than the market itself. Having a well-diversified portfolio like we hold in our diversified options, and staying invested for your retirement goals will likely be the best course of action even during a period of recession.

Recession and equity



Source: Aware Super, Bloomberg. Past performance is not a reliable indicator of future performance. If you are unsure which option is right for you, please speak As you're an existing member of the fund, one of our Superannuation Advice Team colleagues can provide you with advice on around your investment options 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.