



Annual Members' Meeting 2020-2021

**WRITTEN RESPONSES TO QUESTIONS NOT ANSWERED ON THE DAY OF
THE MEETING**

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Important information

These questions and answers may include general financial advice which does not take into account the personal objectives, situation or needs of any individual. Before making a decision, please consider whether the information is right for you and read the Product Disclose Statement and Target Market Determination available on the UniSuper website at www.unisuper.com.au/pds

Information provided primarily relates to the financial year ending 30 June 2021. Investment returns are not guaranteed, and past performance is not a reliable indicator of future returns. Comments on the companies we invest in are not intended as a recommendation of those companies for inclusion in personal portfolios. UniSuper's portfolios have been designed to suit UniSuper and may not be appropriate for others.

Information presented at the meeting has been prepared by UniSuper Management Pty Ltd (ABN 91 006 961 799) on behalf of UniSuper Limited: (ABN 54 006 027 121, AFSL: 492806), Trustee of the UniSuper Fund (ABN 91 385943850).

1. Russia Ukraine

1. How exposed is UniSuper in investments in Russian assets?

We had a number of questions raised on the night regarding our exposure to Russian investments. You may have caught our CIO John Pearce answer that UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this.

2. Given the war in Ukraine, will UniSuper cease its investment in Russia related businesses, even though its current exposure could be very small?

Thanks for raising this very topical question. You may have picked up that John Pearce our CIO answered on the night that UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this.

3. Given the sanctions imposed by Russia today on Australian investments, what investments, if any, does UniSuper have in Russia that can potentially be impacted?

I am sure you picked up on John Pearce's answer to a similar question on the night. UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this.

4. What is the likely impact of the Russian invasion of Ukraine on UniSuper investments? How does UniSuper intend to ameliorate likely adverse impacts?

Thank you for your question. You may have caught our CIO John Pearce answering this question during the Annual Member Meeting. To recap on what was covered in case you missed it - Russia's invasion of Ukraine has added to a perfect storm (of higher inflation and interest rates) that had already engulfed markets. UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this.

Like every other fund, we are exposed to the impacts of higher energy prices which flow from the crisis. Using history as a guide, geopolitical events tend not to have lasting impacts on markets. While returns are currently being hit, UniSuper is very well positioned to handle the volatility with ample liquidity.

5. My wife and I are UniSuper members. We have family in Ukraine who are unable to leave. Why is our super fund invested in an authoritarian state (Russia) that has invaded their country, is cluster bombing civilians, and threatening their lives?

The emerging situation in Ukraine is tragic. I am sure you were relieved to hear from our CIO John Pearce that UniSuper during the meeting reported that UniSuper has no direct exposure to Russia. We did have a small exposure through one of our external managers and we have now divested from this.

6. War in Europe. How is UniSuper hedging against the uncertainty of the war effects?

Thanks for your question. You may have heard our CIO John Pearce answer a similar question during the Annual Member Meeting. To recap his answer - Russia's invasion of Ukraine has added to a perfect storm (of higher inflation and interest rates) that had already engulfed markets. Like every other fund we are exposed to the impacts of higher energy prices which flow from the crisis. Using history as a guide, geopolitical events tend not to have lasting impacts on markets. While returns are currently being hit, UniSuper is very well positioned to handle the volatility with ample liquidity.

7. What is your strategy to counteract the knock-on effects of on-going conflict in Ukraine, and the threat of that conflict spreading?

You may have heard our CIO John Pearce answer a similar question during the Annual Member Meeting. To recap his answer - Russia's invasion of Ukraine has added to a perfect storm (of higher inflation and interest rates) that had already engulfed markets. UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this. Like every other fund we are exposed to the impacts of higher energy prices which flow from the crisis. Using history as a guide, geopolitical events tend not to have lasting impacts on markets. While returns are currently being hit, UniSuper is very well positioned to handle the volatility with ample liquidity.

8. Why have the sustainability options plummeted?

The Global Environmental Opportunities (GEO) option invests in companies that are helping to solve environmental issues and effect change for the long term, for example, manufacturers of electric vehicles, solar power and wind power. It is highly growth orientated and we invest with a long-term view. Investing in growth carries risks and over short periods the value of investments may fluctuate. This may help to provide a gauge of the exposure. If you're concerned about your investment, please consider talking to one of our financial advisers

9. Thank you for the wise comments about crypto. I'm in the pension phase of my fund and over the past two months it has dropped by approximately \$100,000. As a general principal when should a member consider switching from higher risk investments to more conservative ones. Should that only happen once the investments have improved?

When markets are volatile it can be uncomfortable for investors, and this is a time when we often see members switch. In many cases these decisions are driven by fear and anxiety and don't serve the members well over the longer term.

However, the decision on when to switch is influenced by a person's personal circumstances including their investment time horizon and risk tolerance. So, if you are considering switching, we recommend talking to one of our financial advisers.

10. John, comment with granularity: the combined impact of the Fed's signalled rate increases with the Russian/Ukraine situation on UniSuper's investment value (maybe not minerals and energy stocks). And what is UniSuper's strategy on taking opportunity and mitigating risk.

Russia's invasion of Ukraine has added to a perfect storm (of higher inflation and interest rates) that had already engulfed markets. [UniSuper currently has no direct exposure to Russia or Ukraine](#). Like every other fund we are exposed to the impacts of higher energy prices which flow from the crisis. Using history as a

guide, geopolitical events tend not to have lasting impacts on markets. While returns are currently being hit, UniSuper is very well positioned to handle the volatility with ample liquidity.

11. Is UniSuper invested in China and/or Russia?

You may have picked up that John Pearce addressed the Russia exposure at the Annual Members Meeting. Proudly stating that UniSuper currently has no direct exposure to Russia or Ukraine. We had a very small indirect exposure to Russia through one of our external managers and we have now divested from this. Yes, we have investments in China equities as part of our international shares exposure. At a fund level (ie, across our investments) our weighting to China is below the weighting in the MSCI All Country index, but the China exposure will vary depending on which option you are invested in. We primarily access China equities through the Hong Kong market and via American and Global Depository receipts.

2. ESG

1. Can you please tell us how UniSuper is handling the reporting requirements of the Modern Slavery Act?

Addressing modern slavery risks is a commitment we take seriously. We have outlined the steps we are taking to address risks of modern slavery in our Modern Slavery Statement on our [website](#).

2. How can our ESG strategy have a positive impact on our own Australian government decisions which have not been aligned with other major countries in the OCDE regarding ESG positive policies?

We are an active participant and supporter of the advocacy by the industry group [Investor Group on Climate Change](#). Our ESG approach and climate strategy is an example of how we are considering climate risks and opportunities in our investments. By engaging with companies, we help build climate ambition and this has flow on effects across the business community and with industry groups.

3. This is an update of the question I sent prior to the meeting. It was good to see the reduction of fossil fuel exposure by 50% from 5% to 2.5%, and that my fund is working with fossil fuel exposed industries, like APA, which has set net zero targets you report in Climate Risks and our Investments report. But APA is hardly committed to net zero if it is not strongly behind the 'no new fossil fuel projects' as a basic necessity to keep to 1.5 degrees global warming.

We appreciate the feedback, and we will update members on our progress in our next climate report which comes out later this year. In the meantime, here's a snapshot of progress at 31 December [2021](#).

4. APA is pursuing the controversial Narrabri gas project. In early February Santos tried to extinguish native title of Gomeri Traditional Owners to go ahead with the Narrabri gas project. Given UniSuper holds such a large stake in APA will UniSuper use its influence to call on APA not to take part in this project? If not, will UniSuper divest from APA?

UniSuper has expressed our view to APA that they should not invest in supporting infrastructure for greenfield fossil fuel projects. There is still too much uncertainty around the Narrabri gas project for us to comment further.

5. I preferred Global Environmental Opportunities based on my personal preferences of mitigating climate change, Did UniSuper find it competitive economically compared to other investment options?

The Global Environmental Opportunities investment option invests in a diversified portfolio of securities which include international companies whose business activities seek to address current and emerging environmental issues and opportunities. We invest with a long-term view, and we expect that over short

periods the value of investments may fluctuate. The returns for all our investment options are available on our [website](#). If you are considering your options, we suggest talking to one of our financial advisers.

- 6. Given UniSuper has divested significantly from fossil fuels, and it sounds from the presentation there is no intention of reinvesting, will UniSuper come out with a policy of not investing in oil and gas like UniSuper has done from thermal coal? Given 79% of Australians want more done on climate action I believe this would attract new members to UniSuper.**

UniSuper offers seven options for members who would like to divest from fossil fuels. In our mainstream options, we have materially reduced our exposure to fossil fuels. At this stage, we aren't considering a formal exclusion for oil and gas as we see these fuels having an important role in our economy going forward. We encourage companies to set Paris Aligned targets and dissuade investments in expansionary projects.

- 7. I'm happy to see UniSuper has divested from thermal coal. But UniSuper is still invested in major banks such as Westpac and NAB which lend to thermal coal companies such as Whitehaven.**

UniSuper will not divest from Australian banks. Their exposure to fossil fuels is low (under 2% - with thermal coal representing less than 0.5% of their loan book), and we don't think that this exposure represents a financial risk to members.

In general, these banks are representative of the broader Australian economy and our holdings in these companies tend to be reflective of our views on the economy.

- 8. Will UniSuper divest from these banks unless they stop lending to thermal coal, the largest source of global emissions?**

UniSuper will not divest from Australian banks. Their exposure to fossil fuels is low (under 2% - with thermal coal representing less than 0.5% of their loan book), and we don't think that this exposure represents a financial risk to members. In general, these banks are representative of the broader Australian economy and our holdings in these companies tend to be reflective of our views on the economy.

- 9. And why did UniSuper vote against member resolutions calling for ANZ Westpac and NAB to stop lending to fossil fuel companies?**

With respect to the shareholder resolutions filed at ANZ, Westpac and NAB, we believe the banks are showing steady improvement in their approach to managing down the fossil fuel exposure in their portfolios and are being mindful of the wider impacts of the regions that these companies operate. While we express our view that they need to consider these risks and align with Paris in their lending, we believe that management is best placed to decide how this should be done.

- 10. Why are the Global Environmental Opportunities performing so badly FYTD? Do you think Tesla is overpriced where this is one of the key stock in Global Environmental Opportunities?**

The Global Environmental Opportunities (GEO) option invests in companies that are helping to solve environmental issues and effect change for the long term, for example, manufacturers of electric vehicles, solar power and wind power. It is highly growth orientated and we invest with a long-term view. Investing in growth carries risks and over short periods the value of investments may fluctuate. Tesla is a significant holding in GEO, but there is also a degree of diversification. For example, if this investment was entirely removed then the portfolio would remain more than 90% unchanged. This may help to provide a gauge of the exposure. If you're concerned about your investment, please consider talking to one of our financial advisers.

11. I understand the prospect value of investing in Sydney airport, however it seems contradictory with the net zero approach. How investing in an airport fits with UniSuper sustainability investment agenda?

The aviation industry is a sector that faces many challenges to decarbonisation. We believe that Australian airports are well positioned to be resilient while the sector decarbonises as there are few alternatives to air travel both domestically and internationally.

Sydney Airport has been recognised as a sustainability leader in its industry. We have been working with the airport for over five years to improve its approach to managing and disclosing its ESG risks, and we have seen the benefits of our engagement approach. An example of leading practice includes allowing planes to connect to the airport's electricity when parked, so they don't need to run their engines for auxiliary services.

12. Why did the Global Environmental Opportunities Fund do so badly around early 2020 when it had been performing so fantastically in the year leading up to then?

The Global Environmental Opportunities (GEO) option invests in companies that are helping to solve environmental issues and effect change for the long term, for example, manufacturers of electric vehicles, solar power and wind power. It is highly growth orientated and we invest with a long-term view. Investing in growth carries risks and over short periods the value of investments may fluctuate.

If you're concerned about your investment, please consider talking to one of our financial advisers.

13. On the 2nd of March, APRA announced a voluntary climate risk self-assessment survey for medium-to-large APRA-regulated entities. Will UniSuper respond to this survey? If so, will UniSuper publish its responses?

We will respond to the APRA survey. We believe that our members will get a more comprehensive understanding of our approach by reading our "Climate risks and our investments" report. Our 2021 report is available on our website and we will release our 2022 report later this [year](#).

14. Which international standards are followed by UniSuper in relation to climate change, ESG and human rights?

UniSuper's investment approach takes into account a wide range of standards which inform our approach. These include but are not restricted to:

- Climate change – Science Based Targets initiative (SBTi), the Investor Agenda, Taskforce for Climate related Financial Disclosures (TCFD), Paris Aligned Investment Initiative
- ESG – Principles for Responsible Investment (PRI), Sustainable Development Goals
- Human Rights – Australian Modern Slavery legislation, UN Global Compact

We source data from providers such as MSCI ESG metrics, Bloomberg and S&P TruCost, as well as NGO analysis. We note that in many instances, best practice is evolving.

15. Does UniSuper conduct human rights due diligence regularly to identify, prevent and mitigate adverse impacts linked to its investments? If so, how do you consult the relevant stakeholders in this process?

We consider a range of Environment, Social and Governance issues when making investments including human rights. It also forms part of our ongoing engagement with companies. We have outlined the steps we are taking to address this in our Modern Slavery Statement on our [website](#).

16. Currently, UniSuper has only a minimal policy regarding investing members' retirement savings in thermal coal and has no policy regarding investing members' retirement savings in oil and gas. Will UniSuper commit to producing a policy this year which rules out active and passive investment in pure-play coal, oil and gas?

Our exposure to fossil fuels is low, representing ~2.5% of our funds under management, with only 0.4% in exploration and production. We aren't considering a divestment policy for oil and gas. We see that there is a role for these fuels in a Paris aligned transition where companies are acting to reduce emissions, both in their operations and supply chains. We will continue to report on our exposure in our annual Climate risks and our investments [report](#).

- 17. The International Energy Agency, in its 2021 report Net Zero by 2050, stated that to keep to the 1.5-degree Paris Climate agreement target “Beyond projects already committed as of 2021, there are no new oil and gas fields approved for development in our pathway.” How does Uni Super reconcile this with significant investment in APA, a gas pipeline business very reliant on expanded fossil gas projects, and Uni Supers supposed commitment to investment in alignment with the Paris Agreement? Is this not also a recipe for investment in stranded assets?**

UniSuper has expressed our view to APA that they should not invest in supporting infrastructure for greenfield fossil fuel projects. We are encouraged by APA's interest in electricity and renewable investments.

3. Mergers & Acquisitions

- 1. Weren't the Catholic super funds found to be one of the lowest-ranking funds in Australia? How will this impact on UniSuper's investments?**

Yes, the Catholic Super Fund was one of the lower ranking funds in the APRA performance test. UniSuper has delivered a record of strong performance for its members and is one of a handful of funds with more than \$100 billion in funds under management, so we are a logical destination choice as a potential merger partner. For us to continue to grow, return value for our members and have the sort of positive influence we need to have at the boardroom table, we must complement our active approach to engagement with genuine scale. While we will continue our strong organic growth, these sorts of mergers are also an important way for us to maintain growth. Australian Catholic Superannuation has a 40-year history of serving their members and Catholic education to the highest of levels and has shown an ability and preparedness to be innovative in identifying and meeting member needs. We look forward to providing their existing members and employers with services and products that continue to meet and exceed their evolving needs. Part of our due diligence process will identify any potential risks and we will only proceed if it is in the best interests of both funds' members.

- 2. There have been two major corporate directions progressed by UniSuper i.e. Allowing non-university staff to join the fund; and potential merger with another super fund i.e. ACS. Given UniSuper's success to date, why do these changes need to be considered i.e. what is driving the changes. Is there a danger that these changes will deplete the on-going success that UniSuper has enjoyed in the past?**

With so many changes happening in the Superannuation industry it is vital that we make changes to our fund to remain one of Australian's leading super funds. To welcome new members to our fund whether that is people outside the higher education sector or via mergers discussions it allows UniSuper to continue to grow our scale. While we will continue our strong organic growth opening the fund and mergers are an important way for us to continue to grow and provide greater retirement outcomes for all our members.

- 3. How will the Australian Catholic Super merger affect UniSuper's Environmental, Social and Governance position?**

UniSuper will not be changing its investment strategy. As we work through the due diligence process with Australian Catholic Super, we will evaluate their investments and continue with ones that are a good fit for our strategy. UniSuper is committed to responsible investing that will create a future worth retiring for that doesn't cost the earth.

- 4. Given the refusal of the Federal government to extend Job Keeper to universities and the continued underfunding of universities and ongoing loss of staff, how has this affected the inflow of funds to UniSuper?**

Like all businesses UniSuper was not unaffected by the pandemic. Most super funds experienced a reduction in inflows last year. From a UniSuper perspective this has turned around as universities are now welcoming back students and on campus learning and we open our fund to all Australians.

5. Mention was made of a possible merger with ACS. As a former member of ACS who transferred into UniSuper, I am aware that the fees charged by ACS are considerably higher than those charged by UniSuper. What guarantee can you give that UniSuper will continue to have low fees for members?

UniSuper is committed to delivering great performance and value for our members. We make decisions with our members best interests at the heart of every decision we make. One of the reasons UniSuper is able to deliver low fees to our members is our in-house investment capability. With 70% of our assets being managed in-house we can keep our fees low. Nothing will change about our approach as we welcome Australian Catholic Super to the UniSuper fund.

4. Open the Fund

1. Why did you not seek members views before opening the fund?

We announced to our members our intention to become public offer in May and formally opened our doors on 5 July last year. It has been a very exciting time at UniSuper as more people can now access our strong long-term performance, outstanding service, and low fees. In 2017, an increase in demand to join UniSuper from people outside our traditional sectors led to the creation of our Personal Account product. This enabled members' families, former members, and university affiliates to join.

The last 12 months have seen significant disruption and change in both the higher education sector and in superannuation, where we have once again experienced a barrage of new government policy initiatives and, largely in response, a dramatic up-tick in consolidation as funds have clamoured to merge to reap scale benefits. The most significant of these changes are the government's Your Future Your Super reforms, particularly the introduction of 'stapling', which means that a superannuation fund will follow a member as they move between jobs in different sectors, unless the member specifically decides otherwise.

This is a game changer. All funds will now be vying to attract members at a time when they first join the workforce and then to hold onto them. You can also expect that they will step up their ongoing marketing and certainly try to get people to entertain switching when they change jobs or when a fund's performance slips. In that respect, another change has been the introduction of an Annual Performance Test which will name and shame the underperformers and drive consolidation.

In light of these changes, by opening the fund to a broader membership, whilst still retaining our strong affiliation with the higher education and research sectors, we believe we are well placed to continue to do well and keep delivering to our members the benefits of increased scale.

UniSuper will always be UniSuper. We have opened our doors, but that won't change who we are. So far, the response from existing members and new members has been great. Our members and their retirement goals continue to be our primary focus.

2. Now the fund is open to the public, how can a new public members be involved in engaging with the fund, as they cannot be a member of (or represented on) the Consultative Committee?

We encourage all our members to engage with us. Whilst people outside the higher education and research sector can't join the Consultative Committee there are still plenty of ways to engage with the fund. We offer webcasts and seminars for all our members where we encourage engagement. The Annual Members meeting, and Retirement Outlook seminars are a great way to hear what is going on with the fund.

3. How much of our history and legacy can slow us down in adopting a more commercial aggressive stance of investing in customer acquisition, rather than solely customer retention?

We are proud of our history and equally excited about where we are headed and welcoming more Australian access to our fund. We have a team of experts looking at how we can do things better to attract new members and keep our existing members satisfied. You will notice our new App and digital transformation will allow us to lead the way on our onboarding journey. We have the skills, knowledge to attract new people to our fund and are blown away by the response to date. We are constantly looking at ways to stay Australia's best superannuation fund.

4. **How many members have you attracted since going public? What is your churn rate esp to the ATO for inactive low balanced accounts?**

It has been a monumental time in UniSuper's history to warmly welcome new members to our fund. You may have caught Peter Chun answering part of this question at the Annual Member Meeting. We have welcomed more than 20,000 members to UniSuper since 5th July. The APRA Annual fund-level superannuation statistics back series | June 2021 (Issued 15 December 2021) listed our churn rate for the 2021 financial year at 10.7% which is better than the industry average churn rate or financial year 2021 of 14.7%.

5. Technical Issues

The following questions have been grouped together to provide a single response.

1. **Can we use more reliable streaming technology next year? I have constant stops or repeating segments. Frustrating**

The stream is a bit stunted

The transmission cut off several times at 5.25pm

Speed test says my broadband speed is fine, however the video feed keeps randomly freezing!

We became aware of a streaming issue for some viewers and adjusted our streaming service mid-way through the meeting to address the streaming issues. We apologise for the inconvenience. The recording can be found [here](#) for those members who experienced streaming difficulties throughout.

2. **The closed captions also don't work - not a good look for UniSuper!**

Unfortunately, our closed caption functionality dropped out about 15 minutes into the meeting. We sincerely apologise for the inconvenience caused. The closed captions are available on our meeting replay that you can find [here](#).

6. General Questions

1. **Sorry, I missed the meeting because of an unavoidable reason. Can I please look at the recording?**

Sorry we missed you. You can catch the recording of the meeting [here](#).

2. **If you inherit money (\$150,000) at age 67, can you roll it into your super under new laws?**

From 1 July 2022 those aged between 67 and 74 can make a personal contribution to their superannuation without having to be working. This will allow individuals aged 67 to 74 years (inclusive) to make or receive non-concessional contributions (including under the bring-forward rule) or salary sacrifice superannuation contributions without meeting the work test. The \$1.7 million cap on lifetime superannuation contributions (total super balance) will continue to apply. The annual concessional and non-concessional caps will also continue to apply. UniSuper offers its members an exclusive financial assessment service. If you would like further in-depth advice on contribution strategies and which option is best suited to your specific financial goals and objectives, please contact our Financial Advice Centre directly on 1300 331 685 or by emailing advice@unisuper.com.au. You can read more about it on the ATO website: Flexible super – repealing the work test for voluntary superannuation contributions | Australian Taxation Office (ato.gov.au) Under the new laws the requirement that changes is that you need to be working. From 1 July 2022, members between 67

and 74 will be able to make personal non-concessional contributions without needing to satisfy the work test. We should point out there are annual limits on the amounts that can be contributed to superannuation, and we would encourage you to get advice if you are considering contributing up to \$150,000 as there may be tax considerations.

3. I missed the show due to time difference. Can I find a transcript on the UniSuper website? If so, where?

You can view our annual member meeting by visiting [here](#). The meeting minutes are also available [online](#) for your convenience as well.

4. Would it be possible to provide a mechanism to easily make contributions whilst overseas?

Unfortunately, we can't take personal contributions directly from an overseas bank account. There are many international laws and taxation implications that would differ from each country. You can still make personal contributions to your superannuation whilst you are living overseas but you will require an Australian bank account. We can then facilitate a BPAY transfer.

5. What products and responses to the retirement income covenants are in the pipeline at UniSuper?

UniSuper is committed to the retirement outcomes we provide to members. We have processes in place to define the products and services offered to members in response to member needs, fund strategy and regulatory changes. The commencement of the Design and Distribution Obligations (DDO) in 2021 further emphasised the importance and required rigour of these processes. UniSuper's response to the Retirement Income Covenant will be reflected in the refinement of our existing retirement products (FlexiPension and the Commercial Rate Index Pension) and the services provided to members in the period approaching and following their retirement using the framework developed in response to DDO.

6. What are your annual salaries and how do they compare to comparable industry executive salaries?

Remuneration details of our directors and the executive leadership team and the remuneration practices are comprehensively addressed in the Remuneration report available on the UniSuper [website](#).

7. When will the fund move to daily unit pricing and closer to real-time visibility of contributions?

You may have noticed that the account balanced and transaction history and contributions are now available on the member online portal within 24-48 hours. We won't be moving to daily unit pricing in the near future though.

8. Is there any likelihood of UniSuper offering options to invest outside of superannuation?

UniSuper has strengths in providing greater retirement outcomes for our members. At this stage we are not currently considering offering ordinary money investments into options managed by UniSuper.

9. The Hayne Royal Commission identified serious, sustained misconduct in the Superannuation industry – but almost all of it was from Retail funds. Nonetheless the current govt seems – perhaps for ideological reasons – to want only to impose further regulations on Member-only funds (ie the liability for Boards of Trustees and the scramble by other funds to amend their Deeds to allow them to use Member funds in the event of fines). In what way can UniSuper and other Member funds push back against these attacks – attacks designed to damage OUR super fund?

As a large super fund with a focus on our members, UniSuper is actively involved in superannuation industry policy debates. We advocate for our members and for our member-centred model on a number of fronts; most notably, we take an active role in representing our members through industry bodies and working groups. We also make formal submissions to public inquiries advocating for good outcomes for all members. Our view

remains that a mix of industry body advocacy and direct representations is the best way to get our views across to policy makers.

- 10. Fantastic job on climate action. I'd like to see a complete ban on any investments related to fossil fuels. The fossil-run power stations are closing much faster than expected and mining will follow soon. My question is: what do you do in terms of gender diversity in the finance sector, including the diversity of your executives, panel members and sector in general?**

At UniSuper we value gender diversity and inclusion. UniSuper reports annually to the Workplace Gender Equity Agency. The report looks at participation, remuneration and the practices in place to promote gender equality in the workplace. 46% of all our employees are women. 39% of people leaders are women and as of 28th March we will have 50% of our executive leadership team will be women. We proudly put policies in place to support gender equality and flexible working. As recognition of our flexible workplace policies UniSuper has received FlexCareers' FlexReady certification receiving the highest score of any corporate or non-government employer to date.

- 11. Is there a 60-page document available on your GOVERNANCE structures?**

You will find information [here](#) on our governance structures including our statement of governance practice. If there is something further we can assist you with in relation to our structures please don't hesitate to make contact with our member services team.

- 12. In place of advertising on the live stream, I would prefer a notice which tells me what is happening. E.g. How long before the actual AGM meeting starts?**

Thank you for your feedback.

- 13. Why doesn't UniSuper offer fee discounts for large amounts (say over \$500,000) to compete better with SMSFs?**

Investment performance and fees are both key considerations for members and reasons why people choose their super fund. UniSuper proudly continued its position as one of the lowest fee providers in both superannuation and pension products in 2021. In a Chant West survey of all pension products across 77 super funds, UniSuper was ranked number 1 for lowest fees for our Flexi Pension balanced option for balances over \$250,000. When comparing our accumulation products, UniSuper has some of the lowest fees in the industry.

- 14. Are you planning on building and releasing a member App?**

I am sure you were interested in Peter Chun's presentation that showed a sneak peek of our App. We are excited to bring this to members in June 2022.

- 15. Keen to transfer my spouse super to UniSuper if UniSuper can offer a reduction in management and invest fees we are both on the retirement income**

Whilst we don't offer fee discounts for family members you can be confident that UniSuper has some of the lowest fees in the industry. Chant West regularly surveys super funds to report on average fees and UniSuper regularly leads the pack ranking in the top 10 lowest fees. If we compare our products for a \$50k balance you can see the fee comparison below:

PRODUCT	UNISUPER FEES	INDUSTRY AVERAGE FEES
High Growth	\$406	\$624
Growth	\$381	\$676
Balanced	\$321	\$652
Conservative Balanced	\$296	\$611

Conservative

\$276

\$557

In terms of our retirement products, we are ranked number 1 for best value fees for our Flexi Pension product (balanced option) for accounts with \$100k balance. We would love to welcome her to our fund. Feel free to contact our member services team should you need any more information.

16. Do you have any further advice on the new superannuation rules to come in next financial year? In particular, I am no longer working, am under 75, and have closed my Accumulation account, but have a pension account - will I be able to make a lump sum after tax contribution to a new accumulation superannuation (or existing pension) account?

From 1 July 2022 the work test requirements currently applicable to those aged between 67 and 74 will be removed. This will allow individuals aged 67 to 74 years (inclusive) to make or receive non-concessional (including under the bring-forward rule) or salary sacrifice superannuation contributions without meeting the work test. The \$1.7 million cap on lifetime superannuation contributions (total super balance) will continue to apply. The annual concessional and non-concessional caps will also continue to apply. UniSuper offers its members an exclusive financial assessment service. If you would like further in-depth advice on contribution strategies and which option is best suited to your specific financial goals and objectives, please contact our Financial Advice Centre directly on 1300 331 685 or by emailing advice@unisuper.com.au. You can read more about it on the ATO website: Flexible super – repealing the work test for voluntary superannuation contributions | Australian Taxation Office (ato.gov.au).

17. The minimum Pension payment percentages (with age) have not been altered for years - however life expectancy is increasing. Does UniSuper have any interest in persuading Government to make appropriate alterations. And would UniSuper consider gaining support from Super Funds to increase lobbying power.

The Australian Government Actuary reviews the minimum pension factors, particularly with changes in life expectancy, and provides advice to Treasury on their appropriateness. There are arguments across the industry for both increasing or decreasing the minimum factors and it is not clear that there is a consensus for change. That said, the Retirement Income Covenant is an opportunity for all funds to review their approaches to retirement and part of that work is likely to include reviewing the appropriateness of the minimum factors. Our analysis indicates that current minimum drawdown factors are based on quite conservative assumptions about investment earnings and inflation over the course of a person's retirement. As such, we think there are more efficient ways to address longevity risks than lowering the minimum further.

18. What support or services do you provide for members living overseas?

Currently members overseas can contact our member services team via web chat, email or phone. We can't take personal contributions directly from an overseas bank account though so if you are wanting to make personal contributions to your superannuation whilst you are living overseas you will require an Australian bank account. We can then facilitate a BPAY transfer.

19. So as I understand it, from the 1st July 2022, and you are between 67 and 74 yrs of age, you do not have to meet the requirements of the work test unless you want to claim the contribution as a tax deduction up to the \$27,500 limit.

Effective from 1 July 2022, work test requirements currently applicable to those aged between 67 and 74 will be removed. This will allow individuals aged 67 to 74 years (inclusive) to make or receive non-concessional

managed) pension mode. This group is significantly affected by changes to government policies which are not generally grandfathered and can negatively impact retirement financial plans which are largely locked into place. Will UniSuper be strengthening its advocacy for its retired members? Will it clarify the extent to which members in pension mode are forced to pay UniSuper financial advisers to assist them to manage compliance (rather than investment) with changing government and tax requirements? Thank you.

At UniSuper we regularly contribute to conversations about changes to legislation through our industry bodies and regulators. When changes to policy affect our members, we try to ensure we educate our members, so they have all the information needed to make informed decisions. You may be aware that our advice price for single topic advice has dropped from \$530 to \$80. If you have concerns regarding your situation, we recommend having a chat to the advice team.

26. Why does it take 3 to 4 days for investment changes to take effect?

It's standard industry practice for there to be a lag before investment changes, this protects the interests of all our members. We are looking at options to shorten this timeframe

27. Is UniSuper still an industry fund?

UniSuper is not a member of Industry of Superannuation Australia so technically we are not an industry fund. We are very proud of our heritage of supporting the higher education and research sector and will continue to actively support it. We are excited to open a new chapter in our history as we open our doors to all Australians.

28. Which investment options provide the benefits of UniSuper's non listed investments eg Sydney Airport?

Our standard pre-mixed investment options (other than our sustainable investment options) have an allocation to unlisted investments. You can view the strategic asset allocation for each investment option [here](#) on our website and the major holdings in each asset class [here](#).

29. A very high proportion of UniSuper's international shares are in the US, which on a CAPE basis is a very expensive market. Given the ongoing shift from growth to value, do you have plans to reduce this proportion in favour of more value-focused markets (e.g. the UK)?

Most international share portfolios will have a relatively high exposure to the US as the US forms a significant part of global equity benchmarks (e.g., the US currently represents over 60% of the MSCI All Country index). Our exposure to the US at a fund level is currently below benchmark (the MSCI All Country index) and this is partly driven by valuations, but exposure to the US will vary depending on which option you are invested in. We continue to monitor developments across markets, but at this point we are not planning to significantly alter our current US position.

30. Do you think blockchain infrastructure companies may be suitable, for growth related funds? Do ever think there may be opportunities related to crypto beyond Bitcoin, ect (that are clearly not investment grade)?

As our CIO, John Pearce noted at the Annual Members Meeting, these investments don't form part of our investment universe.

31. UniSuper has been trimming asset allocation to Australian equity in almost all diversified products in the past year. What's driving such changes? Are you holding a less optimistic view on Australian equity relative to the world equity down the track?

The recent decision to increase our allocations to international equities (and reduce allocations to Australian equities) was mainly to take advantage of opportunities in sectors we believe will grow strongly over the long

term, such as Health Care and IT. These decisions relate to our growth-orientated investment options - High Growth, Growth, Balanced and Sustainable Balanced.

In our Conservative Balanced and Conservative options, we have maintained a bias to Australian equities to take advantage of higher dividend yields and franking credits

32. How will the Fed pivot impact on UniSuper investments?

At its March meeting the Fed raised the Federal Funds Rate. As markets are expecting rate increases through 2022 and into 2023, the impact of the Fed's tightening is reflected in the pricing of assets.

33. Could John indicate the impact on the Bond Markets (short or long term), given the increasing interest rates and how this will impact on UniSuper's hedging strategies for the asset classes (Balanced fund, Conservative Balanced fund)?

Much of the impact of the Fed's tightening is reflected in global bond market pricing as markets are expecting rate increases through 2022 and into 2023. We generally apply hedging to foreign currency exposures, to determine the extent of any hedging we look at currency valuation ranges.

34. Currently, the "Your Investments" section of the UniSuper member site shows the top 20 major investments. Is it possible to extend this to show a larger range of companies and properties that the fund is invested in?

Our top portfolio holdings for each asset class are available on our website and all holdings have always been available to members on request. From 31 March 2022, in line with the new portfolio holding disclosure rules, visitors to our website will be able to see a list of securities, their values, and their weighting within our portfolios.

35. I'm listening to a lot of chat about growth, member satisfaction, stellar investment performance. So, why am I losing money with you?

Without information about your account, it's difficult to answer this. We encourage you to please contact our member services team so that we can talk to you further about your circumstances.

36. Will you consider offering alternative high-risk options that do not invest in 'Big Pharma' such as the International shares or Global companies in Asia?

At this stage no. We don't see that it is in our members' best interests to screen these out. We assess and monitor companies in our portfolios across a range of environmental, social and governance (ESG) factors as part of our investment process and where we have concerns, we engage with those companies.

37. Big Pharma has a poor record at prioritising people's health, which has resulted in numerous litigation in which they have paid out billions of dollars as a result of their negligence. What strategies is UniSuper putting in place to counteract any potential future litigation that may arise as a result of COVID vaccines?

Communicable and non-communicable diseases including cancers, diabetes and respiratory illness represent the vast majority of deaths globally. Pharmaceutical companies have continuously spent hundreds of billions of dollars each year to find treatments and cures to extend the life of individuals suffering from such diseases.

Each drug and product typically takes more than 10 years from development to approval as governing health authorities like the FDA (Food and Drug Administration) in the US and the TGA (Therapeutic Goods Administration) in Australia undertake stringent reviews of the drug's and product's multiple clinical trials to ensure their efficacy and safety for those that they are administered to.

Notwithstanding this there have been instances where individuals have suffered adverse effects from the therapeutics which has led to litigation resulting in settlements between the pharmaceutical companies and the individual. The novel nature of Covid-19 and the detrimental health and economic impact globally it has had led to an unprecedented response from pharmaceutical companies in producing vaccines and treatments as well as governing health authorities in assessing its efficacy and safety for use.

In managing our healthcare exposure, we consider a number of risks of which litigation is just one. We carefully manage these risks by owning companies that are high quality in nature with sustainable profit streams and strong balance sheets and by investing in a diversified portfolio.

Finally, we set our overall exposure to healthcare based on the risks and expected returns.

38. Although interest on cash has been very low for some years, UniSuper's cash option has been a very poor performer when benchmarked against interest available to individuals in specific bank accounts. Why is UniSuper dilatory as regards the cash option, and will it be improving its performance of cash to ensure that the return is the best possible available on the market?

The way in which the Cash option is managed has recently changed. Further details on the cash investment option can be found [here](#).

39. To John Pierce: How do you think natural disasters due to climate change will affect super investments?

We are considering climate risks in our investments, and this includes the potential increase in physical risks as a result of climate change. We are a leader of superannuation funds in Australia in addressing climate risk. For more information about our approach see our "Climate risks and our investments" [report](#).

40. Are there any plans to offer the options to invest in Index funds?

At this stage we're not considering index options.

41. Given the social harm caused by gambling addiction, why does UniSuper maintain its investment in gambling companies when you are promoting yourself as being the leading super fund for social investing?

Gambling or gaming is an activity that is legal, and there are many who participate in this in a way that is not harmful. Where we do invest in gaming companies, we have regular engagement to encourage system design and practices that reduce harm.

We recognise that some members prefer not to invest in gaming, and we have a number of options that do not have exposure to gaming, whether as a formal screen or due to the nature of the investment universe. These include Sustainable High Growth, Sustainable Balanced, Global Environmental Opportunities, Listed Property, Australian Bonds and Cash.

42. Does UniSuper plan on more active investments in real estate ie shopping centres/ infrastructure, does it plan to do via capital partnership, or acquisition of listed companies?

We are always looking for attractive investment opportunities in property and infrastructure both listed and unlisted. We consider direct investments, capital partnerships and investment into listed companies.

43. What are the fees charged by your external fund managers?

The investment fees and costs for each investment option are available on our [website](#) and you can access the total investment management fees for your account via your member statement. Fees to external managers will vary depending on the mandate and we don't provide a breakdown of these.

44. Why invest so heavily in shopping centres when the fastest retail growth appears to be online sales?

The market share of online retailing has grown strongly and accelerated during the lockdowns. It has now settled back with shoppers returning to physical stores. We expect that online retail sales will continue to grow and will represent about 20% of total retail sales in the future. But many retailers will combine their online presence with physical stores, and shopping centres in the right location, with the right retail mix, will thrive.

45. Why is investing in Sydney airport a good thing? Its limited size and capacity as well as impact means it won't grow. The investment out west makes more sense.

Sydney Airport is a world class global airport and one of Australia's largest and most significant infrastructure assets. It is a long-term asset with stable income returns which aligns well to the long-term nature of superannuation. The development of Western Sydney Airport will, in our view, enable Sydney Airport to focus on growth in valuable premium and international travellers.

46. What would the impact be of high inflation 6% or more & higher interest rates on the UniSuper portfolio? In particular the DB portfolio and unlisted investments.

High inflation would generally be expected to have a negative impact on the value of most financial assets. Some unlisted assets have their pricing structure linked to the inflation rate; this may give them some protection against higher inflation.

47. Why can't we have an options choice where our investment manager switches our investment options/(funds) to whatever they think is timely and best, e.g. Bonds, Cash, Australian shares, Global Companies in Asia or whatever?

We actively manage asset allocation within our diversified investment options in line with each option's risk/return profile. We have discretion to manage within a 20% band around the asset allocation targets for the investment option and we look at the relative value between different asset classes, sectors and markets to determine allocations.

48. What is the relationship between the so called "estimated" daily values and real values of investments?

Members can obtain their "estimated" balance through their online account. This is generally the figure at the prior close of business and it may not represent the exact value the member would receive if they chose to exit the fund. For this reason, we refer to it as an estimate. For more information on how we apply investment returns please refer to [unisuper.com - Applying investment returns](https://unisuper.com.au/InvestmentReturns).

49. Where does one find the indices for the various investment options?

There are no representative indices for our investment options. Each of our options is constructed to meet specific objectives. For example, the objective of the Balanced option is to achieve a return that exceeds CPI (Consumer Price Index) by 3% over 10 years.

50. Balanced and Sustainable Balanced options are underperforming. What's your strategy to correct this?

These options have both performed well over the medium to long term, achieving first quartile (top 25%) performance over 3, 5, 7 and 10 years. Over shorter periods, the relative performance of these options has been impacted by their characteristics including their generally higher allocation to listed equities (particularly Australian equities) and fixed interest compared to other funds and their lower weighting to infrastructure and private equity. These options also have a relatively high exposure to the Global Information Technology (IT) sector and Asia region which have detracted from performance. We review and adjust the asset allocations of our funds where we believe this is necessary.

51. To what extent is UniSuper invested in China?

Yes, we have investments in China equities as part of our international shares exposure. At a fund level (ie, across our investments) our weighting to China is below the weighting in the MSCI All Country index, but the China exposure will vary depending on which option you are invested in. We primarily access China equities through the Hong Kong market and via American and Global Depository receipts.

52. You've telegraphed future under-performance because of booming energy markets. Shouldn't we reconsider our prohibition on investment in fossil fuels?

We aim for carbon intensity of our portfolios to be consistently below the market average. Fossil fuel divestment is not central to our climate advocacy or risk management. Our approach is to engage with our Portfolio Companies and to advocate for emission reductions. We see decarbonisation as a key investment thematic for at least the next decade and see clear risks to oil and gas demand over the long term. For more information on our approach, please refer to our "Climate risks and our investments" [report](#).

53. Thank you very much for your presentations. We receive a lot of queries from (sometimes angry) university staff members related to UniSuper and climate change / ethical investing. Could Peter please explain why it seems to be so difficult to divest from identified investments related to climate change, whereas it is possible to withdraw immediately from Russian investments?

While divestment is a tool that is available to us, broader fossil fuel divestment is not going to be central to our climate advocacy or risk management.

We are a leader of superannuation funds in Australia in addressing climate risk. Our approach of setting public engagement targets for our Portfolio Companies is demonstrating that our engagement with companies is increasing decarbonisation ambition and real-world emission reductions. We believe this approach best allows us to advocate for real economy emission reductions, while also meeting our fiduciary responsibility to members.

We offer seven fossil fuel free investment options for our accumulation and pension members. The exposure to fossil fuels in our defined benefit plan is low and we are monitoring and managing the risks and engaging with companies to encourage positive change.

For more information on our approach, please refer to our "Climate risks and our investments" [report](#).

54. Is there reason why the sustainable balanced pension fund did particularly poorly over the past 2 months? Does it have exposure to Russian shares/investments?

The Sustainable options have a relatively high exposure to technology stocks. While we are comfortable with this position over the long term, this sector has not performed well over the last couple of months. UniSuper currently has no direct exposure to Russia or Ukraine.