Sunsuper's 2021 Annual Member Meeting - Responses to unanswered member questions

Sunsuper's 2021 Annual Member Meeting was held virtually on Thursday 18 November. Due to the large volume of questions received we were unable to answer all member questions live on the night. This document includes responses to any questions that weren't answered during the live event.

How do I see the climate change risk of my superannuation portfolio? What commitments are Sunsuper making as part of their company ESG strategy? What company investing strategies is Sunsuper undertaking to ensure climate remains within 1.5 degree increase?

- We disclose our carbon footprint metrics for the fund within our Responsible Investment report, which can be found here: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing
- The Sunsuper Investment Committee has approved an action plan that seeks to identify, measure and mitigate climate risk within the investment portfolio.
- It sets out our actions to achieve our net-zero greenhouse gas emissions target by 2050, with interim targets over the next two decades.
- While ESG factors are managed across our investment options, we offer the Socially Conscious Balanced Option for members who want to invest their superannuation according to a wider set of ethical criteria. This option incorporates negative screening, sustainability-orientated investments, impact investing and a responsible approach to environmental, social and ethical considerations, labour standards and governance. This option incorporates negative screening, sustainability-orientated investments, impact investing and a responsible approach to environmental, social and ethical considerations, labour standards and governance.
- To answer your last question, we engage and work with companies we invest in to make sure they're aware of the risk climate change poses to their business.

What % of funds are in industries that will be impacted by climate change? What % of funds are in commercial real estate?

- In many ways, most sectors of the economy may be impacted by climate change to some degree over the next few decades as we collectively work towards decarbonising the ways we travel, consume energy, produce goods and services and heat and cool buildings. Hence, arriving at a percentage of Sunsuper's portfolio that is invested in industries likely to be impacted by climate change is a difficult task. For this reason, we are focussed on managing climate change risks and opportunities at a whole-of-portfolio level.
- We generally see climate change as not something that is sector-specific, but something that affects all industries.
- The Sunsuper Investment Committee has approved an action plan that seeks to identify, measure and mitigate climate risk within the investment portfolio.
- It sets out our actions to achieve our net-zero emissions target by 2050, with interim targets over the next two decades.

- Additionally, Sunsuper engages with companies (in which we invest) that we see as being the most materially exposed to a range of ESG issues, including climate change, and we work with them on how they're managing risk/dealing with it.
- In regard to commercial real estate, we have $7.5 billion of funds invested in commercial real estate, equating to ~9.5% of the Balanced Option.

When will Sunsuper release a detailed strategy to address climate change? When will Sunsuper stop investing in fossil fuel? What is Sunsuper's investment breakdown for renewable energy and other sustainable investment? Exactly how does Sunsuper assess the risk of climate change?

- Our target of a net-zero greenhouse gas emissions investment portfolio by 2050, with interim targets over the next two decades, is central to our Climate Action Plan (CAP), which was approved by the Sunsuper Investment Committee in June 2020 on the basis that it will promote the financial interests of our members.
- On the Responsible Investing section of our website, you will find both our latest Responsible Investment report and our Climate Action Statement. https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing
- We believe that a net-zero emissions target by 2050 will increasingly be accepted by markets as the base case through which economies will operate. We also believe that a net-zero emissions investment portfolio will, in the long term, provide the highest risk-adjusted returns for our members.
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- Our preference is to actively engage with companies and influence decisions from within rather than pursuing a broad-based exclusion strategy, and this is the approach we take with climate change and our investments in fossil fuel-related companies.
- For members who want to limit their exposure to fossil fuels, our Socially Conscious Balanced Option excludes companies that derive more than 5% of the total revenue from fossil fuel exploration, mining or energy generation.fossil fuel exploration, mining or energy generation.
- To meet our net-zero emissions target by 2050, it is important we have access to high-quality climate research, data and analytics across the total portfolio to inform investment decisions.
- We measure and monitor climate investment risk and opportunities through activities such as scenario analysis and measuring the carbon footprint of our listed shares portfolio.

Can you advise the Sunsuper strategy, moreover the direct investments that are made with green energy companies. Also can you confirm that Sunsuper is divesting from fossil fuel companies when and to what degree?

- The transition to net zero creates a number of opportunities to invest in renewables and clean energy technologies. Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies of such investments we've made: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing
- It also provides information on Sunsuper's risk management strategy and how we are address climate change to meet our target of net-zero emissions by 2050, with interim targets over the next two decades.
- As stewards of our members' retirement savings, we must be comfortable that the companies we invest in have a role in a low-carbon economy, and that they are transitioning at a sufficient pace to justify their market price.

- Where there is insufficient action by companies on climate change, we will consider escalating our engagement, for example, by supporting shareholder resolutions demanding that companies do more. Additionally, we've partnered with initiatives like Climate Action 100+ to encourage action around the world.
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- Every investment decision is one of whether and how much to hold, given the prospective returns and risks. Sometimes that analysis leads to divesting from something. We will undoubtedly see more of that in an energy transition context, for example, with thermal coal.

What is Sunsuper doing in relation to sustainable investments, e.g., renewables, and what is its strategy for transitioning from old markets staples, e.g., fossil based investments?
What is Sunsuper policy and action on divesting and not investing in any form of fossil fuel companies?
What is Sunsuper planning to do about not being exposed to fossil fuels in the future?
When will Sunsuper cease investment in directly concerned, associated, and supporting fossil fuel businesses in Australia and internationally, and when shall Sunsuper disclose all such continuing investments and transparently disclose the record of all climate change related proxy voting?

- The transition to net zero creates a number of opportunities to invest in renewables and clean energy technologies. Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies of such investments we've made: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing
- Like many major global investors, we've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- Every investment decision is one of whether and how much to hold, given the prospective returns and risks. Sometimes that analysis leads to divesting from something. We will undoubtedly see more of that in an energy transition context, for example, with thermal coal.
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- We publish our full proxy voting record semi-annually on the website. The most recent proxy voting record is available here: https://www.sunsuper.com.au/library/media/pdfs/prescribed-information/record-of-exercised-proxy-voting-rights---july-2020---june-2021.pdf

What net zero dates, commitments, and actions being undertaken?

- Like many major global investors, we've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- As a result of analysing the primary drivers of our portfolio carbon footprint, we have identified companies to prioritise for targeting and direct engagement to ensure they are managing these risks and have plans in place to decarbonise their activities.
- Investment decisions may need to be made where company transition plans do not meet our expectations
- Over the next financial year to June 2022, we will continue to refine our approach to climate risk-management tools such as scenario analysis and stress testing, while also implementing strategies to aggregate carbon exposure to our listed shares investment portfolio

- We also work closely with our private market external managers to progress decarbonisation efforts for our real estate and infrastructure assets.
- Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

Is it a good idea to invest in all the super fund to ethical investments only?

- Sunsuper acknowledges that some members would prefer to limit their investment exposure to fossil fuels so we offer our Socially Conscious Balanced Option which excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, mining or energy generation. exploration, mining or energy generation.
- It is designed to be a Balanced option – it gives our members, most of whom are in the default balanced option, the choice of a socially conscious option with a similar risk profile.
- I encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the investment options available. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Does Sunsuper fund companies mining and selling thermal coal? Why, given the high carbon risk? What percentage of Sunsuper's funds are allocated to activities or infrastructure that has a high carbon risk and what is Sunsuper doing to extricate itself from same?

- We believe that a net-zero emissions target by 2050 will increasingly be accepted by markets as the base case through which economies will operate. We also believe that a net-zero emissions investment portfolio will, in the long term, provide the highest risk-adjusted returns for our members. Consistent with this, Sunsuper's investment strategy includes a commitment to aligning our investment portfolio with net-zero emissions by 2050, on the basis that it will promote members' financial interests.
- Our target of a net-zero emissions investment portfolio by 2050 is central to our Climate Action Plan (CAP), which was approved by the Sunsuper Investment Committee in June 2020 on the basis that it will promote the financial interests of our members. Our CAP outlines how we will measure, manage and mitigate climate risk within our investment portfolio to reach our target while always keeping in mind our duties to members.
- Our preference is to actively engage with companies and influence decisions from within rather than pursuing a broad-based exclusion strategy and this is the approach we take with climate change and our investments in fossil fuel related companies. To come up with an estimate of Sunsuper's exposure to fossil fuels, we have broadly defined fossil fuels as our equity holding in publicly listed companies in the following GICS-defined industry groups or subindustries:
    - Oil & gas drilling.
    - Oil & gas equipment & services.
    - Integrated oil & gas.
    - Oil & gas exploration & production.
    - Oil & gas refining & marketing & transportation.
    - Oil & gas storage & transportation.
    - Coal & consumable fuels.
    - Electric utilities.

- Gas utilities.
- Multi-utilities.
- Independent power producers.

- We have also included select companies from the sub-industry of diversified metals and mining when they have been found to have coal reserves.
- Using this definition of fossil-fuel related businesses, Sunsuper currently has approximately $4.32 billion invested in fossil fuels, or 4.5% of Sunsuper's total FUM (as of 31 August 2021).
- Our Climate Action Statement, which outlines our position on climate change and the work we're doing to address climate risk in our portfolio, is available from the Responsible Investing section of our website, as is our 2021 Responsible Investment report: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing
- We also recognise that some of our members prefer a broader exclusion set, which is why we also offer the choice of a Socially Conscious Balanced Option to our members. This option excludes companies based on a broad range of ethical and environmental screens, such as the production or manufacture of tobacco, nuclear and controversial armaments, alcohol, pornography, or the provision of gambling or live animal export services. In addition to the existing exclusions outlined above, companies with a material exposure to fossil fuel production and energy generation are also excluded from this option. A company with more than 5% of its total revenue from these industries constitutes material exposure.Socially Conscious Balanced Option to our members. This option excludes companies based on a broad range of ethical and environmental screens, such as the production or manufacture of tobacco, nuclear and controversial armaments, alcohol, pornography, or the provision of gambling or live animal export services. In addition to the existing exclusions outlined above, companies with a material exposure to fossil fuel production and energy generation are also excluded from this option. A company with more than 5% of its total revenue from these industries constitutes material exposure.

What is Sunsuper's stance on investing in fossil fuels and ethical investments? I am becoming more and more concerned with the direction of Australia and think our investments should mirror that.

- Like many major global investors, we've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- In many ways, the Australian approach to COP26 does not affect our targets and ambitions, as we've seen investors and companies take the lead on the energy transition.
- On the other hand, an energy policy that is in line with net zero could reduce the uncertainty around potentially investing in renewables in Australia, which we have been reluctant to do a lot of to-date.
- As a result of analysing the primary drivers of our carbon footprint, we have identified companies to prioritise for targeting and direct engagement to ensure they are managing these risks and have plans in place to decarbonise their activities.
- Investment decisions may need to be made where company transition plans do not meet our expectations
- Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

What is Sunsuper's approach to sustainable and ethical investing?

- We believe integrating environmental, social and governance factors in the investment process is consistent with better investment outcomes and contributes to a better future for our members.
- Our approach to responsible investing Is guided by our fiduciary duty to members, our core investment beliefs and our Social Licence to Invest (SLI)
- In terms of our fiduciary duty o members, we aim to maximise members' real, long-term investment returns without taking undue risk. Incorporating sustainability considerations in our investment process is an essential part of our duty to protect members' financial interests over the long term.
- Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

Since Sunsuper published its last ES&G policy in Aug 2020, the IPCCs latest report has issued a code red warning for increased global warming and the COP26 conference encouraged businesses and countries to rapidly phase out coal and fossil fuel investments by 2030 not just 2050. So what exactly is Sunsuper doing to rapidly divest from coal and other fossil fuel investments in the short term? Also what proof or evidence is there that Sunsuper is actively engaging with the companies it invests in to advocate for climate action and policies? Where can we, as members see the specific actions that Sunsuper has taken for rapid climate action?

- Our target of a net-zero greenhouse gas emissions investment portfolio by 2050, with interim targets over the next two decades, is central to our Climate Action Plan (CAP), which was approved by the Sunsuper Investment Committee in June 2020 on the basis that it will promote the financial interests of our members.
- We believe that a net-zero emissions target by 2050 will increasingly be accepted by markets as the base case through which economies will operate. We also believe that a net-zero emissions investment portfolio will, in the long term, provide the highest risk-adjusted returns for our members.
- As a result of analysing the primary drivers of our carbon footprint, we have identified companies to prioritise for targeting and direct engagement to ensure they are managing these risks and have plans in place to decarbonise their activities.
- Investment decisions may need to be made where company transition plans do not meet our expectations.
- Over the next financial year to June 2022, we will continue to refine our approach to climate risk-management tools such as scenario analysis and stress testing, while also implementing strategies to aggregate carbon exposure to our listed shares investment portfolio.
- We are working closely with our private market external managers to progress decarbonisation efforts for our real estate and infrastructure assets.
- On the Responsible Investing section of our website, you will find both our latest Responsible Investment report, which includes a range of case studies, and our Climate Action Statement. https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

In view of Australia's response at COP26, how has Sunsuper responded to climate change so far and what changes are planned for the next 12 months?

- In many ways, the Australian approach to COP26 does not affect our targets and ambitions, as we've seen investors and companies take the lead on the energy transition.
- On the other hand, an energy policy that is in line with net zero could reduce the uncertainty around potentially investing in renewables in Australia, which we have been reluctant to do a lot of to-date.
- Like many major global investors, we've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- As a result of analysing the primary drivers of our portfolio carbon footprint, we have identified companies to prioritise for targeting and direct engagement to ensure they are managing these risks and have plans in place to decarbonise their activities.
- Investment decisions may need to be made where company transition plans do not meet our expectations.
- Over the next financial year to June 2022, we will continue to refine our approach to climate risk-management tools such as scenario analysis and stress testing, while also implementing strategies to aggregate carbon exposure to our listed shares investment portfolio.
- We are working closely with our private market external managers to progress decarbonisation efforts for our real estate and infrastructure assets.
- Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

In light of the recent international discussions and agreements regarding climate change and the Australian Government\'s slight shifts regarding cutting the amounts of greenhouse gas emissions is there any change in Sunsuper\'s investment policies regarding heavily polluting industries - notably coal and gas?

- Like many major global investors, we've committed to a net-zero emissions portfolio by 2050, with interim targets over the next two decades.
- As a result of analysing the primary drivers of our carbon footprint, we have identified companies to prioritise for targeting and direct engagement to ensure they are managing these risks and have plans in place to decarbonise their activities.
- Investment decisions may need to be made where company transition plans do not meet our expectations
- Over the next financial year to June 2022, we will continue to refine our approach to climate risk-management tools such as scenario analysis and stress testing, while also implementing strategies to aggregate carbon exposure to our listed shares investment portfolio.
- We work closely with our private market external managers to profess decarbonisation efforts for our real estate and infrastructure assets.
- Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

What is Sunsuper's approach to managing ESG risk within the investment portfolio?

- We have an ESG Policy that governs our approach to considering environmental, social and governance issues within the investment process.

- As part of our ESG approach, new investments are required to consider material ESG issues and receive an internal ESG rating/score before being presented to the Investment Committee for investment approval.
- The policy also outlines our active ownership activities (engagement and proxy voting).
- I would encourage you to read our Responsible Investment report on our website, which details our approach to responsible investing and also includes a range of case studies.

What are you doing to transition out of climate damaging industries like coal, gas and oil? How rapidly are you moving investment to support renewables and climate mitigation and abatement?

- As part of Sunsuper's fiduciary duty to members, climate-change considerations form part of the investment process.
- As such, we have a responsibility to members to consider if some investments have an unacceptable degree of embedded climate risk.
- In June 2020, our Investment Committee approved our Climate Action Plan and a net-zero emissions portfolio targeting 2050.
- Accompanying this target is a combination of strategies across the investment spectrum to have our investments align to a low-carbon world, and a range of interim targets.
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- I would encourage you to also read our Responsible Investment report on our website, which details our approach to responsible investing and also includes a range of case studies.

Does Sunsuper include the impact of animal agriculture (including feed-grain growing and land clearing) when discussing climate change? Will Sunsuper consider advocating to improve animal welfare standards when discussing investment opportunities with primary businesses (e.g. TAB, TGR, RHL) and support business (for distribution or funding such as the banks, insurance, WOW, COL, etc) in industries such as agriculture/gambling/medical testing?

- Sunsuper's exposure to animal agriculture is small.
- However, we are exploring natural capital and all of these considerations are being taken into account as part of this.
- Our asset-scenario analysis takes into account future eating habits, land clearing, climate impacts, etc.
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- Our Responsible Investment report, available on our website, has more information on our approach to ESG issues and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

Wishing to know if Sunsuper is investing our super in renewables & lithium as I am interested as I follow Motley Fool investment plus others?
What's the investment strategy going forward noting the green future and massive lithium/precious metals future requirements?
How is Sunsuper managing investments into sustainable energy and projects?

- The transition to net zero creates a number of opportunities to invest in renewables and clean energy technologies. Our Responsible Investment report, available on our website, details our approach and also includes a range of case studies of such investments we've made: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

- We have a number of indirect investments in renewable energy through various of our investment managers.
- Examples include OPD Energy (Spanish solar and wind platform), Centauro Energia (Mexican solar and wind platform).
- As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments.
- We have assessed a number of renewable investment opportunities both in Australia and overseas but have yet to make a direct investment.
- Some of the reasons include the excessive price at which we consider other bidders have been prepared to pay for these assets, and risks and uncertainty associated with the changing regulatory environment.
- In Australia, the lack of a national energy policy that addresses climate change increases uncertainty. We like to have a predictable, stable income from our infrastructure assets. Despite these challenges, we have successfully been able to find renewable assets that fit in the portfolio and we are still actively looking to increase our exposure. In our search for sustainable, low-carbon infrastructure assets, members' retirement outcomes are paramount.

I'm definitely interested to hear about the risk mitigation strategies in place and being explored in relation to: 1) climate change 2) skills migration 3) social capital 4) employee mental health and wellbeing

- Our approach to responsible investing is guided by our fiduciary duty to members, our core investment beliefs, and our Social License to Invest
- We have long acknowledged that environmental, social and governance (ESG) issues have the potential to affect the value of our members' assets
- We engage with companies in which we invest on a range of issues and topics including climate change workplace health and safety, I and employee mental health and wellbeing.
- Sunsuper's risk management framework recognises various categories of risk aligned to the activities Sunsuper undertakes and sources of risk it faces.
- Climate-change risk is assessed on a regular basis and is monitored in terms of exposure to policy risks such as the adoption of carbon prices.
- Workplace health and safety is a priority engagement topic when talking ESG, and it has been a particular focus since the COVID-19 pandemic.
- We have been encouraged by company responses and initiative.
- Companies have been on the front foot in dealing with employee mental health and wellbeing.
- Our Responsible Investment reportavailable on our website, details our approach and also includes a range of case studies: https://www.sunsuper.com.au/investments/how-we-invest/responsible-investing

What role is Sunsuper playing in helping indigenous communities close the gap? What % of Sunsuper's spend or investment portfolio is directed to indigenous owned suppliers?

- We have investments in companies that are among the largest employers of indigenous Australians, including Australia's largest supermarket chains and mining companies. We believe there's more to do in this space and are working on strategies to address this.

- The fund we are merging with, QSuper, is an industry leader in this space and we hope to embrace that as we progress with our planned merger.
- As a superannuation fund, our view is that any measure that is set to improve the financial position of Indigenous Australians in retirement is a good move. Sunsuper would support any measure the Australian Government introduced.
- At Sunsuper, we recognise and respect the diverse cultures of our nation and we are committed to building a culturally aware and inclusive workplace.
- Our 2025 Inclusion Plan prioritises supporting First Nations people and we're on track to implement several initiatives that will enable our workforce to drive a culture of access and inclusion for all.
- We have begun our reconciliation journey with several internal initiatives to build respectful relationships with First Nations peoples, including participating in an Acknowledgement of Country when we meet, and events during NAIDOC week and National Reconciliation Week.
- In 2019 we also pledged our support for the Uluru Statement from the Heart, calling for the establishment of a First Nations voice in the constitution to rightfully acknowledging the first sovereign Nations of Australia - an important step in our country's journey towards reconciliation.
- Through our Dreams for a Better World program we have also supported community initiatives that benefit Aboriginal and Torres Strait Islander peoples, including the Puuya Foundation, Earbus Foundation, and Head Start Homes.

I'm thinking about changing to an ethical super, what does Sunsuper do specifically to combat climate change when compared to other superfunds?

- Like many major global investors, we've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- Accompanying this target is a combination of strategies across the investment spectrum to advance our efforts to manage climate risks and opportunities and track progress towards our net zero target.
- We have a Climate Action Plan that was approved by our Investment Committee in June 2020 that includes a set of actions across three key pillars to achieve our net-zero emissions target.
- As an example of progress, the carbon intensity of our listed shares portfolio is around 30% lower compared to 2019.
- As stewards of our members' retirement savings, we must be comfortable that the companies we invest in have a role in a low-carbon economy, and that they are transitioning at a sufficient pace to justify their market price.
- Where there is insufficient action by companies on climate change, we will continue to support shareholder resolutions demanding that companies do more.
- Additionally, we've partnered with initiatives like Climate Action 100+ to encourage action around the world.
- Our progress on managing climate change risks and opportunities is highlighted in our latest Responsible Investment report on our website. The report aligns to the Taskforce for Climate-related financial disclosures' recommendations and details our approach to addressing climate risks.
- We also acknowledge that some members would prefer to limit their investment exposure to fossil fuels so we offer our Socially Conscious Balanced Option, which excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, mining or energy generation. which excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, mining or energy generation.

- I would encourage you to also read our Responsible Investment report on our website, which details our approach to responsible investing and also includes a range of case studies.

What is your policy on net zero?

- We've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- This is central to our Climate Action Plan (CAP), which was approved by the Sunsuper Investment Committee in June 2020 on the basis that it will promote the financial interests of our members.
- Our CAP includes a set of actions across three key pillars to achieve our net-zero emissions target.
    - Research and data collection – ensuring we have access to high-quality climate data and analytics relevant to investment decisions to support executing our action plan.
    - Engaging with the companies we invest in and using our influence to advocate for climate action and policies.
    - Evolving our investment portfolio, incorporating targets in our investment strategies to manage risks and maximise opportunities in the transition to a low-carbon economy.
- I would encourage you to read the Responsible Investing section of our website, which includes a range of resources including our Climate Action Statement and our Responsible Investment report.

When is Sunsuper stopping investing in fossil fuel industries?
What percentage overall of investments are in fossil fuels?

- As at August 2021, approximately 4% ($4.32b) of our portfolio is invested in fossil-fuel related businesses.
- Through our Climate Action Plan, Sunsuper has committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades, on the basis that it will promote the financial interests of our members.
- Our CAP also includes carbon intensity budgets for our equity managers that will help manage our exposure to potential future carbon regulation.
- We genuinely believe that we can have a greater impact by working with companies to consider their own climate change risks & impacts and transition their business for a low-carbon world, rather than divesting completely.
- We do, however, acknowledge that some members would prefer to limit their investment exposure to fossil fuels so we offer our Socially Conscious Balanced Option which excludes any companies that derive more than 5% of their total revenue from fossil fuel Exploration, mining or energy generation.

What are the plans to attract new members in the future considering the new mind set of the younger generations coming through in regards, to climate change? How are you going to future proof Sunsuper?
What are you doing about climate issues?
What is Sunsuper doing to meet global climate change targets? If you appoint external ESG managers, how do you ensure they are not "green washing"?

- We've committed to a net-zero greenhouse gas emissions portfolio by 2050, with interim targets over the next two decades.
- We engage with businesses and investment managers that we invest in about their climate change and other ESG risks and conduct assessments on these risks.
- We also monitor carbon emissions of external managers' portfolios.

• Sunsuper has constructed an investment option for members who would prefer to limit their investment exposure to fossil fuels: our Socially Conscious Balanced Option excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, production or energy generation. • I encourage you to read our [Responsible Investment report]() available on our website to learn more.
UniSuper offers a sustainable investment option. When will you offer a similar option? • Sunsuper has constructed an investment option for members who would prefer to limit their investment exposure to fossil fuels: our Socially Conscious Balanced Option excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, production or energy generation. • I encourage you to read our [Responsible Investment report]() available on our website to learn more.
What percentage of your investments are into renewable energy, both in Australia and globally, and are you aiming to increase that number? • As of 30 September 2021, Sunsuper has approximately $428 million (or 0.45% of total FUM) invested in renewable energy investments. • We have a number of indirect investments in renewable energy through various of our investment managers. • Examples include OPD Energy (Spanish solar and wind platform), Centauro Energia (Mexican solar and wind platform). • We have assessed a number of renewable investment opportunities both in Australia and overseas but have yet to make a direct investment. • Some of the reasons include the excessive price at which we consider other bidders have been prepared to pay for these assets, and risks and uncertainty associated with the changing regulatory environment. • I would encourage you to also read our Responsible Investment report on our website, which details our approach to responsible investing and also includes a range of case studies. on our website, which details our approach to responsible investing and also includes a range of case studies.
Is Sunsuper looking at adding ethical investment options in the near future? • Sunsuper acknowledges that some members would prefer to invest with managers that are leaders in their responsible approach to Environmental, Social and Governance (ESG) considerations and limit their investment exposure to fossil fuels, nuclear armaments or live export animal services, so we offer our Socially Conscious Balanced Option which excludes any companies that derive more than 5% of their total revenue from fossil fuel exploration, production or energy generation.fossil fuel exploration, production or energy generation. • It is designed to be a balanced option – it gives our members, most of whom are in the default balanced option, the choice of a socially conscious option with a similar risk profile. • We're constantly monitoring fund flows and expressions of interest in other types of socially conscious options – it is one of the reasons we decided on this naming convention. When appropriate, other socially conscious options will be made available. • I would encourage you to read through our [Responsible Investment report]() on our website, which details our approach to responsible investing and also includes a range of case studies.
Having spoken to many Sunsuper Financial Advisers why can all advise on rules and regulations, but NONE can offer investment suggestions? Are they allowed to recommend only the BALANCED,

GROWTH, CONSERVATIVE and RETIREMENT Investment Options as I've been told? When all markets hit record lows in March 2020, was it not extremely obvious by say June, that it was time to invest in growth/higher risk options and could Sunsuper have told members this, or are your hands tied by outside regulations?

- Our Intrafund Advice team are all licensed to provide advice to members on investment choice with their *Super savings, Transition to retirement or Retirement income account*.
- Any investment advice is a result of undertaking an appropriate risk assessment of the individual member and their attitude, experience, timeframe and risk appetite. This can be significantly different even for those in the same stage of life.
- We believe a diversified approach across asset classes based on a member's risk profile is the appropriate way to manage investment risk.
- As markets can be volatile we take a long-term approach to investing and our investment advice is for the long term, not to time the market's ups and downs.
- As a super fund, intrafund advice is limited to advice around the Sunsuper *Super savings* (including Insurance), *TTR and Retirement income accounts*. We are unable to provide a review service under intrafund advice legislation and contact members proactively to review their advice.

We are planning to buy our 1st house. And it looks like we lack money now around 10K-20K. Can I withdraw money from this account? If so, how? Or have any other way you can help me like loan or others? What will be the procedure for this?
Can I use part of my super to purchase my own home, not an investment property?
Should I increase my super contributions before I purchase my home?
Can I use my super to deposit a house?

- Saving for a deposit to buy your first home can be challenging. To help you to save, the government introduced the First Home Super Saver Scheme (or FHSS).
- Under the scheme you can make voluntary contributions into your super account and then apply to the ATO to withdraw this money (along with associated earnings) to help you purchase your first home.
- Note that you can apply to have a maximum of $15,000 of your voluntary contributions from any one financial year included in your eligible contributions to be released under the FHSS scheme, up to a total of $30,000 contributions across all years.
- Eligibility criteria and conditions apply, including that you need to be a first home buyer and live in the home you buy, so it's best to look into the details on the ATO's website, and/or speak with a financial adviser.

Is it better to maximise super contributions before paying off the mortgage, or vice versa?

- Compounding interest on your super balance means that even small contributions you make today can have big benefits to your balance over time.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- There are some eligibility rules and caps on contribution amounts to be aware of, so I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available, the caps that apply and the eligibility requirements you'll need to meet. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

How to make your super perform at its best and grow rapidly in the next 10 years?

- Making sure you are in the right investment option or mix of options for your goals, tolerance for risk and stage of life is a key step to take.
- And compounding interest on your super balance, which effectively is interest earned on interest, means that even small contributions you make today can have big benefits to your balance over time.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Can someone contribute to their super after they turn 67?

- Currently you are able to contribute after age 67, up to the age of 75, where you have met a work test of 40 hours in a consecutive 30-day period in the financial year within which you are contributing.
- Legislation was proposed in the Federal Budget, which is yet to be passed by parliament, that would make the work-test requirement applicable only to those contributions you intend to claim as a tax deduction.
- As a result, the work test would cease to apply to spouse contributions any personal contribution where you do not claim a tax deduction, up to age 75.

Can I contribute to my super retirement after the age of 70

- Currently you are able to contribute after age 67, up to the age of 75, where you have met a work test of 40 hours in a consecutive 30-day period in the financial year within which you are contributing.
- Legislation was proposed in the Federal Budget, which is yet to be passed by parliament, that would make the work-test requirement applicable only to those contributions you intend to claim as a tax deduction.
- As a result, the work test would cease to apply to spouse contributions any personal contribution where you do not claim a tax deduction, up to age 75.

What are tax implications and limits on lump sum contributions to super balance as a form of savings investment?

- Any "concessional" contribution you make, which includes employer contributions, salary sacrifice contributions, and any contribution you claim as a tax deduction, are subject to an annual limit of $27,500. These contributions are generally taxed at a concessional rate, of up to 15%, when they enter the superannuation system. Where your balance is under $500,000 and you have unused cap from prior years (after 1 July 2018) you may contribute up to this unused concessional amount.
- Any personal contributions that you make, as well as any spouse contributions you may receive, are referred to as a "non concessional" contribution. These contributions do not have tax deducted within the superannuation system, including upon withdrawal. They are subject to an annual limit of $110,000, noting that under the age of 67 you are able to "bring forward" three years' worth (effectively up to $330,000) at any time within that three year period.

Beneficiaries - can I nominate siblings as beneficiaries even though they do not technically qualify as financial dependants?

- Where beneficiaries you nominate do not meet requirements (for example, they are not a financial dependant) any nomination you make will be assessed as a "preferred nomination". A preferred nomination isn't binding, so it will be used as a guide only by the Trustee of Sunsuper when deciding how to pay your death benefits.
- The alternative is to ensure you have a will that has instructions for the distribution of your assets, including any superannuation and associated insurance, to your siblings (as in this case), and that you make a binding nomination to your estate. Such a nomination means that the Trustee of Sunsuper will follow your instructions, rather than use it as a guide only
- It's important you let us know who your beneficiaries are so we know your wishes. It might be a good idea to seek legal advice in nominating your beneficiaries. And remember, to maintain a binding nomination, you need to complete a binding death benefit nomination form every 3 years, and it's your responsibility to change your beneficiary nominations as your personal situation and your relationship to your beneficiaries change.
- To make a binding death benefit nomination, complete the **Binding death benefit nomination form**.
- Please call us on 13 11 84 so we can discuss your personal situation and needs

Is it worth nominating to put extra funds in my super per fortnight? My employer has a program which offers to match your super contributions. I was wondering if it is worth signing up to.
What is the maximin amount I can I can put into super before being taxed
How can we acknowledge you that we want to use the remaining super for other years roll over to this year contribution. Also how many year from the pass that we can use the remain contribution to roll over (for example: we can only roll over for the remaining super from 2018 up to now no longer than that)
I'm retired but I would like to contribute funds into my Sunsuper account, can I do this?

- Compounding interest on your super balance, which effectively is interest earned on interest, means that even small contributions you make today can have big benefits to your balance over time. This would additionally be compounded by any additional contributions your employer may make on your behalf.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- Any "concessional" contribution you make, which includes employer contributions, salary sacrifice contributions, and any contribution you claim as a tax deduction, are subject to an annual limit of $27,500. These contributions are generally taxed at a concessional rate, of up to 15%, when they enter the superannuation system. Where your balance is under $500,000 and you have unused cap from prior years (after 1 July 2018) you may contribute up to this unused concessional amount.
- Any personal contributions that you make, as well as any spouse contributions you may receive, are referred to as a "non concessional" contribution. These contributions do not have tax deducted within the superannuation system, including upon withdrawal. They are subject to an annual limit of $110,000, noting that under the age of 67 you are able to "bring forward" three years' worth (effectively up to $330,000) at any time within that three year period.

- There are some eligibility rules and caps on contribution amounts to be aware of, as well as some restrictions dependent upon your age, so I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available, the caps that apply and the eligibility requirements you'll need to meet. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

What is the earliest age to retire and receiving the retirement payment? (I am planning to retire at 57)

- You are able to retire at any age you choose, however you are required to meet a "condition of release" in order to access your super, such as permanent retirement after reaching "preservation age", which is gradually increasing from the age of 55 to 60 dependent on your date of birth
- For further assistance you can simply call us on 13 11 84 or jump online. We'll assist you, including if you would like to commence an income stream.

Can I withdraw say $100,000 of super and return to the same employer to work part time? I am 64 years old
Can I have my money?

- Under the age of 65 you can only withdraw your super as a lump sum in the event that you permanently retire after reaching preservation age or where you have a change in employment arrangement after reaching age 60. Changing from full-time to part-time employment does not constitute a change of employment arrangement, however there may be other ways you can access your superannuation – including through a *Transition to Retirement Income Stream*, or at the time you turn 65 (regardless of employment status).
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Can I withdrawal any direct contributions that I make into my super before my retiring age if an emergency happens?

- Not directly, although you can make an application to receive funds due to financial hardship or compassionate grounds. We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How can I claim my super to withdraw?
Can I withdraw my superannuation

- If you meet a "condition of release", such as permanent retirement or reaching age 65, you can simply call us on 13 11 84 or jump online. We'll assist you, including if you would like to commence an income stream.

Is it when I turned to my age 65, I can totally withdraw my lump sum of superannuation without any criteria inclusively?

- Yes, once you have your 65th birthday you have full access to your superannuation – as a lump sum or through an income stream – regardless of your employment status.

As a sole trader, I've started to contribute $20 per month. Is this enough to cover the fees & increase my funds?

- The answer to this would very much depend on a number of questions, including what your current balance is, how you are invested and what insurance benefits you may have that you are paying a premium for. It's also important to consider what balance you would like to achieve.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How do I contribute to the carry forward concessional contribution? Any special requirement?

- You can contribute as you normally would, up to the amount of any unused annual concessional contribution cap.
- Any "concessional" contribution you make, which includes employer contributions, salary sacrifice contributions, and any contribution you claim as a tax deduction, are subject to an annual limit of $27,500. These contributions are generally taxed at a concessional rate, of up to 15%, when they enter the superannuation system. Where your balance is under $500,000 and you have unused cap from prior years (after 1 July 2018) you may contribute up to this unused concessional amount.

I'd like to be informed about the best outcomes for people who've already retired & who are in the Conservative option in their superannuation investments.

- It's important to remember that *Retirement income account* members must withdraw a minimum from their balance each year, so the way they are invested is an important consideration – being invested more conservatively may see the balance decrease as investment earnings may not be equal to the amount they are required to withdraw, while being invested more aggressively may help fund withdrawals but bring some short-term risk.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

My question is how do I live chat I wanted to know how my funds are set up and what package they are in?

- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

I have semi-retired and would like to know what is available to me as income assistance?

- Depending on your circumstances, the assets you own and any income you may earn, you may be able to receive income support from the government, as well as a range of concessions.
- Depending upon your age you may also be able to supplement your employment income through setting up a *Transition to retirement* income stream.
- As a member of Sunsuper you can also benefit through our Dream Rewards Program, which is designed to help you enjoy experiences and receive discounts on everyday items – ensuring your retirement savings last longer.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How can I grow my super?
I would to grow my super please.
I want to increase my super ....and the insurance cover before retirement.
Hi, I'm 44 years old and have only just started put money into my super fund, worried that I will not grow enough for my retirement, only due to starting working late in life as I stayed home to raise my family.

Worked all my life and don't have much super! How do I increase my investment. Anything that help boots our super? Invest within super. How do I make the most of my super?

- Making sure you are in the right investment option or mix of options for your goals, tolerance for risk and stage of life is a key step to take.
- And compounding interest on your super balance means that even small contributions you make today can have big benefits to your balance over time.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Do you provide personalised advice to suit individual needs?

- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.
- Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Due to current vaccine mandate, am I able to access my super?

- Not directly, although you can make an application to receive funds due to financial hardship or compassionate grounds.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

I am 65 still working is it better to leave my super where it is or move it a another i.e. cash?

- The answer to this would very much depend on a number of questions, including what your current balance is, how you are invested and what income you would like to achieve for retirement.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

If you are close to retirement and don't need to withdraw extra cash is there any advantage in a TTR account rather than a regular, at superannuation account?

- A TTR can offer some tax benefits, and you can also consider re-contributing to your superannuation savings any amount of income that you don't need – which is known as a "recontribution strategy".
- Once you do retire, however, by commencing a retirement income stream you are able to access tax free investment earnings on your savings.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

For people over 65, please compare the normal tax rates with tax rates of extra super contribution(salary sacrifice) that a person makes.

- It's important to consider that your age does not change the tax treatment of contributions you make – only the tax that applies to any withdrawals or income you take from super.

- Any amount you salary sacrifice will be taxed at up to 15% within your superannuation, compared to your marginal tax rate if you take this as salary.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

1/.-Is there a limit to which super can be accumulated before being penalised? 2/.-Do merging super accounts pose problems in annual contributions?

- There are two limits to be aware of – annual limits that apply to how much you can contribute to your super each year, and a lifetime limit that applies to how much you can accumulate in superannuation to commence an income stream.
- Generally speaking, you can contribute up to $27,500 per year as "deductible contributions", which includes any contribution an employer makes, as well as any contribution you claim as a tax deduction or ask your employer to salary sacrifice on your behalf; up to $110,000 per year as a personal contribution that you do not claim as a tax deduction.
- From 1 July 2017 you have a lifetime limit of $1.7 million (subject to indexation) on the amount that you can use to commence a retirement income stream, although you can have more than this in superannuation savings.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Can someone have 2 different superannuation?

- Yes, you can, although it is important to consider why you need this.
- Multiple superannuation accounts will lead to multiple fees, potential for multiple insurance premiums, and the risk of losing track of your super – so, unless there is a very good reason – we would suggest you consider consolidating your super in one fund.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

For people who are full time carers, we get no money paid into superannuation by the government. It IS a full time job that is poorly paid and has left me with a low super balance. What is the best option for people in my situation? How do we avoid the age pension in future?

- The answer to this would very much depend on a number of questions, including what your current balance is, how you are invested and what insurance benefits you may have that you are paying a premium for.
- It's also important to consider what balance you would like to achieve.
- There may also be ways in which you can benefit through government contributions and assistance with growing your super.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

What happens to your super account when you are not in steady employment and super is not being paid into your account by an employer?
What happens to my Sunsuper account if I am not in steady employment and an employer is not making contributions or regular contributions? What do I need to do if anything?
Any advice on whether any action needs to be taken on your Super whilst between jobs/unemployment period?
What happens to your super account when you are not in steady employment and super is not being paid into your account by an employer?

- Even when you are not working your superannuation savings remain invested, providing you with the potential to further grow your balance.
- When you do return to employment it is important to consider how you can grow your super further for those years that you missed out – including ways in which you may be able to benefit through government contributions and assistance with growing your super.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How much can I deposit myself annually and is there any penalties?

- Generally speaking, you can contribute up to $27,500 per year as “deductible contributions”, which includes any contribution an employer makes, as well as any contribution you claim as a tax deduction or ask your employer to salary sacrifice on your behalf; up to $110,000 per year as a personal contribution that you do not claim as a tax deduction.
- You have the ability to contribute whenever you would like – simply – using the Sunsuper mobile app, or by visiting our website at Sunsuper.com.au.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How to maintain my superannuation account even when I don’t live in Australia again?

- Even when you are not working your superannuation savings remain invested, providing you with the potential to further grow your balance.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Covid has been the catalyst for setting up a small business from home. How do I setup super contributions and how much do I need to contribute?

- Generally speaking, you can contribute up to $27,500 per year as “deductible contributions”, which includes any contribution an employer makes, as well as any contribution you claim as a tax deduction or ask your employer to salary sacrifice on your behalf; up to $110,000 per year as a personal contribution that you do not claim as a tax deduction.
- You have the ability to contribute whenever you would like – simply – using the Sunsuper mobile app, or by visiting our website at Sunsuper.com.au.
- Should your business see you employ other people, there are a couple of things you will need to consider – including how your employees advise you of where they want their super paid, as well as the obligations you have in making superannuation contributions to them.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

I have seen an incredible surge in the value of my super fund since May - which has been fantastic. However, I also think - easy come, easy go. Is there anything I can do to lock in my gains or am I at the mercy of a volatile market? Thanks!

- Super is a long-term investment, potentially the longest many of us may ever have. The COVID-19 downturn and subsequent recovery is likely to be just one of many volatile periods members may experience during their working lives. For investments in growth assets such as shares, which make up a significant portion of many of our members’ super balances, the trade-off for short-term market turmoil is the expectation of higher long-term returns.
- Sunsuper’s Balanced option return of 9.1% p.a. over 10 years to June 2021 should be the focus rather than the returns in any single year, or any attempt to predict the market.

- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you make sure your investment choice is right for your goals, tolerance for risk, and stage of life. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Any advice or help how to grow my little amount of investment/super please. Thank you

- A key step to take is making sure you are in the right investment option or mix of options for your goals, tolerance for risk and stage of life.
- Compounding interest on your super balance, which is effectively interest upon interest applied over time, means that even small contributions you make today can have big benefits to your balance over time.
- There are a range of contribution strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

I had a relatively small balance of $320,000 as of March 2020 which dropped by a staggering $60000 due to the impact on share prices as a result of Covid. I am semi-retired and can ill afford a drop this great. My balance will never recover. What I want to know is why can there be such a large drop in a day yet it takes years if ever to recover that amount. I am very disappointed and have considered transferring my super to another fund

- Many balances that dropped significantly during COVID, have recovered strongly in the last 12 months as we have seen strong returns in investment markets. We acknowledge though that some may have changed their investment strategy during COVID, such as making the decision to invest more conservatively, which may have an impact on the length of recovery.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Why do my employer super contributions get taxed ?

- Employer contributions are taxed concessionally, meaning that they are taxed at a lower rate of up to 15%, rather than taxed at a person's marginal tax rate like other income you earn from your employer. Depending on your level of income, some of the tax deducted may be refunded to your superannuation account.
- Any personal contributions you choose to directly make, which you do not claim as a tax deduction, as well as any amounts that may be contributed to your account by a spouse, will not have contributions tax deducted.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

I have been investing in your fund since last 4.5 years – first it was Kinetic and then merged into Sunsuper, I find my emp contribution has been compare to what I see today as balance in your fund, your admin cost and fees as you claim is not high, so why my balance is low and what about the returns on investment?

- A key step to take is making sure you are in the right investment option or mix of options for your goals, tolerance for risk and stage of life. The investment return you will receive will be determined based on the underlying assets you're invested in – assets with higher risk, such as shares or property, are likely to provide higher returns over time but come with volatility, while other assets, such as cash and fixed interest, may not experience the same level of volatility but will likely not prod
- Compounding interest on your super balance means that even small contributions you make today can have big benefits to your balance over time.
- There is a range of contribution and investment strategies that could work for you, that may also evoke government co-contributions or tax benefits.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand the strategies available and what might work best for you to achieve your goals to grow your super. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

How to prepare for retirement?

- A good place to start in planning for retirement could be to determine what sort of lifestyle your super (and other investment) savings, as well as any government age pension you may be eligible for, could provide. Sunsuper has a great retirement calculator on our website that can project your income in retirement based on your current super balance, income and other factors.
- Knowing what level of income you're on track for, as well as understanding your own expectations for what level of income you may need, can help you better design strategies to help maintain or improve that likely financial lifestyle.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand how you may be able to use your super in retirement. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

What is super stapling about?

- Stapling, also known as Single Default Account, means employers will no longer automatically create a new super account in their default fund for employees commencing employment on or after 1 November 2021 who do not choose a super fund. Instead, where an employee does not advise their employer of their super fund at the commencement of employment, employers will be required to search for an employee's existing ('stapled') fund by contacting the ATO and direct contributions to that fund. You can find out more about the merger and stapling on our website.

The new changes coming in from the government - how will that impact Sunsuper?

- Sunsuper generally supports the intent of the government's Your Future Your Super changes to empower members, hold funds to account for their performance, and increase transparency and accountability.

How can you help me to maximise my Age Pension entitlements

- Depending on your circumstances, the assets you own and any income you may earn, you may be able to receive income support from the Government, as well as a range of concessions.
- There are a number of ways you can maximise your age pension entitlements, including consideration of the financial products you have, your assets and also the income you are receiving (from employment, financial products and other sources).
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your own financial adviser. Our contact centre representatives can help you understand how you may be able to use your super in retirement. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

I am new to superannuation scheme having migrated to Australia from overseas. I am interested how does it work in general and how can I estimate how much money I will get upon retirement?
Wants to know more about super
Just wanted to know more about superannuation

- Sunsuper has some great resources on our website that explain the basics of how super works. Importantly, superannuation is a long-term and concessionally taxed investment, meaning that compounding interest, which is effectively interest upon interest applied over time, means that even small contributions made today can have big benefits to your balance over time.
- Our retirement calculator, also on our website, can help you project your income in retirement based on your current super balance, income and other factors.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand how you may be able to use your super in retirement. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

What investment category should a pension fund be in?

- The ideal investment varies for each individual member. We would strongly recommend contacting Sunsuper and speaking with one of our financial advisers to find out if the Sunsuper investment option you have is the right one for you.
- That said, we would note that under Sunsuper's Lifecycle Investment Strategy, our default investment option, a member at 65 years of age would have 10% allocated to Cash and 90% allocated to our Retirement Pool. Overall, that would result in an exposure to growth assets of around 45%. We design the portfolio that way to balance the need for lower volatility of returns in retirement with the need to make your retirement savings last as long as possible!

Can you continue to add to your Super-Savings Account once you reach 75?

- Currently you can make personal contributions to your super up until the age of 75, on the basis that after age 67 you have first met a work-test. The work test is gainful employment for at least 40 hours over 30 consecutive days during the financial year in which you wish to contribute.
- Personal contributions may include "pre-tax" (or "concessional") contributions - including salary sacrifice or deductible contributions - or personal contributions which you do not claim as a tax deduction (known as "post-tax" or "non-concessional" contributions) and contributions made by a spouse.

- The Federal Government proposed amendments in the 2021 Federal Budget, which is yet to be legislated at the time of this response, which would mean the work-test would be abolished for "post-tax" contributions.
- Beyond the age of 75 the only method for making personal contributions would be as a result of downsizing your principle residence and contributing part of the proceeds (known as a "downsizer contribution"), noting any such contribution could significantly impact any age pension allowance you are in receipt of.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

With my age and a pensioner still working casually at the age 78 7yrs almost 78yrs Can I put extra money into my Sunsuper account?

- Beyond the age of 75 the only method for making personal contributions would be as a result of downsizing your principle residence and contributing part of the proceeds (known as a "downsizer contribution"), noting any such contribution could significantly impact any age pension allowance you are in receipt of.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Am I able to add to my Super-Saver Account now that I am over 75?

- Currently you can make personal contributions to your super up until the age of 75, on the basis that after age 67 you have first met a work-test. The work test is gainful employment for at least 40 hours over 30 consecutive days during the financial year in which you wish to contribute.
- Personal contributions may include "pre-tax" (or "concessional") contributions - including salary sacrifice or deductible contributions - or personal contributions which you do not claim as a tax deduction (known as "post-tax" or "non-concessional" contributions) and contributions made by a spouse.
- The Federal Government proposed amendments in the 2021 Federal Budget, which is yet to be legislated at the time of this response, which would mean the work-test would be abolished for "post-tax" contributions.
- Beyond the age of 75 the only method for making personal contributions would be as a result of downsizing your principle residence and contributing part of the proceeds (known as a "downsizer contribution"), noting any such contribution could significantly impact any age pension allowance you are in receipt of.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

How often can I get my balance each year?

- Sunsuper members can access their super balance at any time by logging into their Sunsuper app or Member Online account.
- Should you need assistance in logging in please call us on 13 11 84 so we can discuss your personal situation and needs.

If my money's in Retirement fund, should I consider transferring to Balanced and can I still obtain a monthly income stream from Balanced?

- All investment options of the Sunsuper Retirement Income account provide members with an income stream, including the balanced option.

- Choosing the right investment option(s) depends on your personal circumstances and your retirement goals. As everyone's situation is different you may need some advice. Speak to your adviser or contact Sunsuper to get the advice you need.
- It's important to remember that Retirement Income members must withdraw a minimum from their balance each year, so the way they are invested is an important consideration – being invested more conservatively may see the balance decrease as investment earnings may not be equal to the amount they are required to withdraw, while being invested more aggressively may help fund withdrawals but bring some short-term risk.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you understand how you may be able to use your super in retirement. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.
- Please call us on 13 11 84 so we can discuss your personal situation and needs

How can I receive my super when I finish my contract in Australia?

- Depending on the type of visa you have had while working in Australia you may be able to access your super after you have permanently left.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

I am thinking about starting up a new business. How should I pay for my employees superannuation?

- There are a number of things you will need to consider – including how your employees advise you of where they want their super paid, as well as the obligations you have in making superannuation contributions to them.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

My wife is with another superfund, and I would like her to come on board with Sunsuper is this an option

- It certainly is an option.
- We suggest that you call us on 13 11 84 so we can discuss your personal situation and needs.

Why is Sunsuper trailing AustralianSuper on the ATO super comparison website?

- At Sunsuper we don't manage money with the aim to be top of any particular performance survey at any given point in time, nor are we aiming to beat any individual fund over any particular time period.
- Our aims are to deliver, and preferably exceed, the long-term real return objectives outlined in our product disclosure statements while also being competitive with other funds over the medium to longer term i.e. consistently above the performance of the median or typical fund in performance surveys.
- We have achieved both of those aims.
- As you saw in Ian Patrick's presentation, the real returns delivered by Sunsuper have been well above PDS objectives and are ranked in the first quartile (top 25%) of funds over the year, 3, 5, 7 and 10 years to the end of September 2021 in the SuperRatings surveys.
- We note that over the period of the ATO's performance survey, market returns have generally been very strong.

- As a general rule, those funds that have tended to maintain higher risk exposures, such as Australian Super, have tended to outperform.
- That may not always be the case.
- We would also note, that like most performance surveys, the ATO survey represents results as at a point in time. Those results, even though they are taken over a reasonably long period of time, can change over time.

Sunsuper's performance reported in YourSuper has been lack lustre in the middle of the pack 31st out of 56 for my current balance and details. What are you doing to improve the performance?

- In contrast to other funds in the survey, Sunsuper's MySuper default offering is designed to automatically and gradually a member's exposure to risk as they approach and then enter retirement. This reduces the risk of a major market downturn damaging member's retirement prospects as they approach and then enter retirement.
- However, lower risk also comes with lower returns – especially in an environment (such as the past seven years) where markets have been strong.
- Some funds' balanced options which are their MySuper offering will have performed relatively well over this period, but will do little to reduce a member's risk as they approach retirement.
- At Sunsuper we don't manage money with the aim to be top of any particular performance survey at any given point in time, nor are we aiming to beat any individual fund over any particular time period.
- Our aims are to deliver and preferably exceed the long-term real return objectives outline in our product disclosure statements while also being competitive with other funds over the medium to longer term i.e. consistently above the performance of the median or typical fund in performance surveys.
- We have achieved (and exceeded) both of those aims.
- As you saw in Ian Patrick's presentation, the real returns delivered by Sunsuper have been well above PDS objectives and are ranked in the first quartile (top 25%) of funds over the year, 3, 5, 7 and 10 years to the end of September 2021 in the SuperRatings surveys.
- We note that over the period of the ATO's performance survey, market returns have generally been very strong.
- As a general rule, those funds that have tended to maintain higher risk exposures, have tended to outperform. That may not always be the case. We would also note, that like most performance surveys, the ATO survey represents results as at a point in time. Those results, even though they are taken over a reasonably long period of time, can change over time.
- While our performance track record is very strong, all aspects of our investment activity, including our asset allocation and external investment managers are under ongoing review. We have always and will continue to look for new investment opportunities and better ways of implementing our investment strategies.

What is your strategy for the Evergrande group potential collapse effects?

- Evergrande is part of the Emerging Markets index and consequently Sunsuper has a very, very small exposure to Evergrande through our passive EM investments. The investment is so small (i.e. less than 0.01% of fund AUM) that it is not included in the holdings listed on the website.
- In terms of the risk of systemic contagion from an Evergrande default, this is not something that we are particularly concerned with at this stage. The Chinese government have articulated fairly clear

plans to isolate and manage the impact and through our engagement with the larger Chinese banks we are comfortable that there is no contagion risk to them at this point.

- The only other exposure we may have is via the Alternative Strategies portfolio where some of our managers may seek to take advantage of the distressed asset opportunity. But even that would still account for not much in terms of the broader fund.
- The things we will be watching out for are:
    - Broader contagion across the Chinese property development sector. Currently this is an Evergrande story, but if the problem expands the risk to the Chinese banks also expands.
    - Stress indicators across the Chinese banking sector. At this point the exposure of the major Chinese banks seems quite limited but we are closely monitoring market indicators including credit default swap pricing for early warnings of stress.
- Markets remain cognisant of the lessons from 2008, and the Chinese government is well aware of the need to contain the event and limit contagion and we remain confident that they are acting prudently to manage the situation. Clearly, the outcome for investors in and creditors to Evergrande looks grim but we foresee limited contagion beyond that at this stage.

What about having some exposure to the crypto market? There has been a lot of institutional investment and interest in this area. We cannot afford to pale in comparison to your headline 20% return, especially looking at 3+ year terms.
Dear Sir. Will Sunsuper consider Bitcoin as an investment tool and store of value within the superannuation space? I invest outside of super and wish to invest inside of super.
Can you provide options to invest in Bitcoin?
Will crypto currencies be considered as a balanced or separate portfolio in the future?
With the growing crypto industry does Sunsuper have a stance on the matter with offering its clients exposure?
When will there be investment options that include cryptocurrencies? Institutional interest has grown incredibly in this area, we can't afford to board the train late?
What is Sunsuper view on Crypto, in particular what consideration is being made towards some of crypto futures ETFs in the market?
Is Sunsuper looking to allow a % or a set fixed amount to be invested in crypto currencies? Although volatile, as an investor I should be allowed to make the calculated risk if I choose.
What is the plan for crypto investments either by futures or direct crypto ownership?
I would like to know if I have the option to invest into cryptocurrency? In particular bitcoin.

- We do monitor the growth in cryptocurrencies and their behaviour as well as the technology underpinning those currencies.
- While we have no plans at this point to directly invest in bitcoin or other cryptocurrencies, our venture capital managers are looking for opportunities that might be generated from the use of the block chain technologies that underpin cryptocurrencies.
- As a super fund, we overwhelmingly invest in financial assets, such as shares and bonds, that can be accrued and reinvested on behalf of our members, and physical assets, including property and infrastructure assets, that generate reliable streams of income.
- At this stage of their development, cryptocurrencies are still highly speculative assets that pay no income, are almost impossible to value in any fundamental sense, and are traded on markets that are far from transparent.
- There may, however, be scope to invest in central-bank-backed crypto currencies in future.

Are you planning to invest in gold and crypto currencies?

- We have no plans to have a formal allocation to gold. We do, however, have an allocation to gold miners in both our Australian and international share portfolios. While gold may have a role in some portfolios, and has certainly performed well over certain time periods, as a super fund, we overwhelmingly invest in financial assets, such as shares and bonds, that can be accrued and reinvested on behalf of our members, and physical assets, including property and infrastructure assets, that generate reliable streams of income.
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- While we have no plans at this point to directly invest in bitcoin or other cryptocurrencies, our venture capital managers are looking for opportunities that might be generated from the use of the block chain technologies that underpin cryptocurrencies.
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Will Sunsuper invest Meta universe?

- Sunsuper invests in a wide range of technology companies including companies (such as Meta, formerly Facebook) that are involved in what has been described as the Metaverse.
- In the Developed Markets Asset Class, Facebook or Meta makes up 1% of the portfolio. The metaverse is sometimes referred to as the proposed expansion of existing internet technologies which are accessed by computers, smartphones as well as augmented or virtual reality technologies. There are a multitude of companies involved in the supply chain of these areas who mostly reside in the Information Technology and Communications services sectors. Sunsuper has 22% of its Developed Markets portfolio in Information Technology, and 7% in Communication Services.

I wanted to know if Sunsuper is investing in companies with Lithium, Thereum etc, I joined the Palm Beach Letter's with Teeka Tiwari , I have learnt so much about investing & the market, did my own research, I am also part of Mark Szukerbergs Metaverse, amazing have been using it when I can .

- Sunsuper's share portfolios do invest in resource, including companies that mine both Lithium and thorium. These minerals fall under the metals and mining sector and Sunsuper has exposure to this sector in its Australian Shares (15% of the portfolio), Developed Market Shares (2% of the portfolio) and Emerging Market Shares (4% of the portfolio) asset classes. The Lithium miners are part of the supply chain for the batteries that go into electric vehicles. Sunsuper is currently invested in Mineral Resources and Pilbara Minerals, two companies that take part in the mining of Lithium.

Outlook for infrastructure M&A and reduced listed prop/infra opportunities on the ASX? Will this effect fund strategy, or provide an opportunity?

- At Sunsuper, we have very little exposure to listed property and infrastructure - our investments in property and infrastructure are almost entirely unlisted: either held directly by Sunsuper or through pooled vehicles managed by external managers.

- We source opportunities by working with external investment managers and like-minded pension funds – both here in Australia and internationally.
- From those sources, we continue to find opportunities to deploy capital in property and infrastructure both here in Australia and across the word.
- We note that the appetite among global investors for property and (particularly) infrastructure opportunities remains very strong, underpinned by the fact that interest rates remain low.
- While we have no particular insights into the future volumes of M&A activity in listed property and infrastructure, we can participate in such transactions if the likely future returns meet our investment criteria – in particular, do the returns available justify the risks involved and the costs incurred?
- As a recent example, we have participated in the Brookfield-led AusNet "take private" transaction. This remains subject to shareholder approval, however.

What is your opinion about the future performance of global stock indices in view of improvement from the Covid19 pandemic. What impact will China's performance have on Australian companies?

- We have no way of knowing with any certainty how the economy and financial markets will evolve over the short term, particularly given the ongoing challenges presented by COVID-19 and the widely divergent pace of vaccine rollout across the world. We do not invest money based on our own, or anyone else's, short-term economic or market forecasts.
- That is why we focus on building portfolios that are designed to meet and preferably exceed the performance objectives outlined in Sunsuper's PDS. We remain confident we can achieve those return objectives. (e.g. for the Balanced option, CPI plus 3.5% net of investment fees and costs and super tax). Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.
- As for the China part of your question, it is likely China's long-term economic growth potential is much lower than the kind of growth rates we've seen in China over the past 20 years or so. In addition, it's also clear that a disproportionate amount of China's growth over the past (roughly) 5-7 years has come from real estate activity, which has been accompanied by a significant build-up in private debt (especially corporate debt). This has potentially significant implications for Australia's commodity exports and economic growth, the value of the Australian dollar and the performance of certain key sectors of our share market. More positively, the Chinese authorities have a good deal more policy flexibility and potential 'levers' they can pull than western democracies.
- We have no way of knowing with any certainty how all this will play out. The best defence against not knowing is to be as well diversified as possible in our portfolios, both across and within different asset classes. e.g. not focusing solely on Australian shares (and their large exposure to miners) and ensuring that our Australian share portfolios (and our international share portfolios) are also well-diversified.

How much will Chinas slowing economy and debt issues have on our superannuation?

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What are my exposure to the risk in the volatility and uncertainties of the share market in China? I have chosen the Growth investment option.
How much risk exposure is my current super investment of the growth option in the highly regulated and fluctuated investment market in China?

- The largest country exposures in our diversified investment options are to Australia and the US. For our diversified options, our exposure to China is shown in the table below.

	Exposure to China (%)
Growth	3
Balanced	2.6
Retirement	2.1
Conservative	1.9

- That said, however, Chinese developments – both good or bad – will have implications for the performance of assets here in Australia and elsewhere. Australian mining companies are the most obvious example.
- We have no way of knowing with any certainty how conditions in China will evolve over time. The best defence against not knowing is to be as well diversified as possible in our portfolios and to be very careful and selective in pursuing any opportunities that may arise in China – a country that is already the second largest economy on the planet and too big to ignore.

I would like to understand your property investments and any exposures to property in China, particularly Evergrande.

- Evergrande is part of the Emerging Markets index and consequently Sunsuper has a very, very small exposure to Evergrande through our passive EM investments. The investment is so small (i.e. less than 0.01% of fund AUM) that it is not included in the holdings listed on the website.
- In terms of the risk of systemic contagion from an Evergrande default, this is not something that we are particularly concerned with at this stage. The Chinese government have articulated fairly clear plans to isolate and manage the impact and through our engagement with the larger Chinese banks we are comfortable that there is no contagion risk to them at this point.
- The only other exposure we may have is via the Alternative Strategies portfolio where some of our managers may seek to take advantage of the distressed asset opportunity. But even that would still account for not much in terms of the broader fund.
- The things we will be watching out for are:
  - Broader contagion across the Chinese property development sector. Currently this is an Evergrande story, but if the problem expands the risk to the Chinese banks also expands.
  - Stress indicators across the Chinese banking sector. At this point the exposure of the major Chinese banks seems quite limited but we are closely monitoring market indicators including credit default swap pricing for early warnings of stress.
- Markets remain cognisant of the lessons from 2008, and the Chinese government is well aware of the need to contain the event and limit contagion and we remain confident that they are acting prudently

to manage the situation. Clearly, the outcome for investors in and creditors to Evergrande looks grim but we foresee limited contagion beyond that at this stage.

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What is the forecast investment earnings
Investment outlook for next 12 months. Likely returns. The problem areas.
What rate are Sunsuper investors seeing for growth on funds for 2022?
Strategies for this year and expectations about returns?
What is the strategy to manage the super funds after COVID-19?

- We have no way of knowing with any certainty how the economy and financial markets will evolve over the short-term, particularly given the ongoing challenges presented by COVID-19 and the widely divergent pace of vaccine rollout across the world. We do not invest money based on our own, or anyone else's, short-term economic or market forecasts.
- That is why we focus on building portfolios that are designed to meet and preferably exceed the performance objectives outlined in Sunsuper's PDS. We remain confident we can achieve those return objectives. (e.g. for the Balanced option, CPI plus 3.5% net of investment fees and costs and super tax). Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.

Performance in the next 5-10 years.
Interested in projections and growth.
What is predicted future performance over the next 5-10 years? Is it expected to increase, decline or remain the same as at present?
Best prediction on performance for the next 5 years.
How do you view the macro investment environment over the next 3-5 years?

- We have no way of knowing how the economy or financial markets will evolve over the short-term or indeed over the next few years. We don't invest money on the basis of our own or anyone else's short term economic or market forecasts.
- We focus on building portfolios that are designed to meet and preferably exceed the performance objectives that are outlined in Sunsuper's PDS. And we remain confident that we can meet those return objectives. For example, for the Balanced option, we aim to generate returns of CPI plus 3.5% net of investment fees and costs and super tax. Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.

- I'd also note that those return objectives are obviously much lower than the very strong returns seen over the past year, and also considerably lower than the returns delivered over the past 10 years. To address the question as directly as possible, we see no obvious reason for pessimism about return prospects for the next five years, we also think it would be wise to not extrapolate that very strong past performance into the future.

Growth on property investment portfolio
What is Sunsuper analysis on Australian Property - index fund in next 5+ years. Can we get visibility on Australian Property - index fund (total invested fund, allocation to different segments and geography etc.)

- We provide no particular analysis on the Property Index fund over the next five years. The option is invested passively – designed to closely replicate the performance benchmark.
- The quarterly investment report contains a listing of the top ten holdings (which account for over 75% of the fund) https://www.sunsuper.com.au/library/media/pdfs/quarterly-investment-report/quarterly-investment-report.pdf
- Sunsuper also provides a comprehensive listing of all asset holdings (above a very small size threshold) including our Australian REIT holdings: https://www.sunsuper.com.au/library/media/pdfs/prescribed-information/sunsuper-asset-holdings.pdf

If interest rates increase, is this likely to impact my super, positively, or negatively? If negative, is there something I can do to change my mix of investments to protect my super?
What is the expectation around interest rates remaining at all-time lows for the foreseeable future and when are they likely to begin rising again?
How is the investment team positioning the portfolio with the potential for higher inflation and interest rate increases?
What do you see happening with inflation and wage growth in the next year and what impact will that have to Sunsuper performance?
Can you please outline Sunsuper's policy settings and actions to mitigate against inflation risk generally and specifically in the balanced accumulation option?
Given the supply chain issues and possibility of inflation, is there any expected impact to the share market and super funds?

- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts.
- That is why we focus on building portfolios that are designed to meet and preferably exceed the real (after inflation) performance objectives outlined in Sunsuper's PDS.
- We remain confident we can achieve those return objectives. (e.g. for the Balanced option, CPI plus 3.5% net of investment fees and costs and super tax). Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.
- Much of the inflation pressure we have seen this year is essentially transitory – supply chain bottlenecks, higher prices for key commodities, memory chips and shipping costs. However, we do expect wage and price inflation – both here in Australia and globally – to be higher over the medium term than for the pre-COVID decade, where inflation generally fell short of both market forecasts and central bank objectives. We also expect higher interest rates and bond yields over the medium.
- As for its impact on Sunsuper, our portfolios are well placed for higher inflation. In particular, our unlisted assets portfolios offer future real (after inflation) return prospects that are likely to make a

- significant contribution to our ability to meet and exceed our portfolio return objectives. In many cases this reflects the nature of the underlying assets e.g. property and infrastructure assets where rents/income streams are explicitly linked to inflation.
- In addition, we are underweight fixed income in our active asset allocation positioning where we believe that bond yields are too low relative to the future path of inflation and official interest rates.

What is the composition of the Retirement Pool and how does the Sunsuper returns compare to other well performing super funds?

- Information on the composition of the Retirement Pool, as well as our other diversified investment options, can be found in our Quarterly Investment report https://www.sunsuper.com.au/library/media/pdfs/quarterly-investment-report/quarterly-investment-report.pdf
- We also publish performance comparisons for our options against the median fund's equivalent offering (i.e. options with a similar asset allocation) on our website. https://www.sunsuper.com.au/library/media/pdfs/investment-reports/sunsuper-investment-performance----super-savings-against-medians.pdf
- For periods up to end September 2021, the Retirement option was ahead of the median or typical fund's option for the quarter and over 1, 3, 5, 7 and 10 years.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)

How is performance?
What was the return interest percentage on the balance fund for the financial year?

- Sunsuper's Balanced option for *Super-savings accounts* produced a return of 20.7% over the financial year to June 2021 – the strongest financial year return for more than 25 years. Sunsuper has outperformed the industry average over 1, 3, 5, 7 and 10 years, and exceeded the return objective set in our Product Disclosure Statement.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)
- We're committed to building portfolios that are going to deliver.

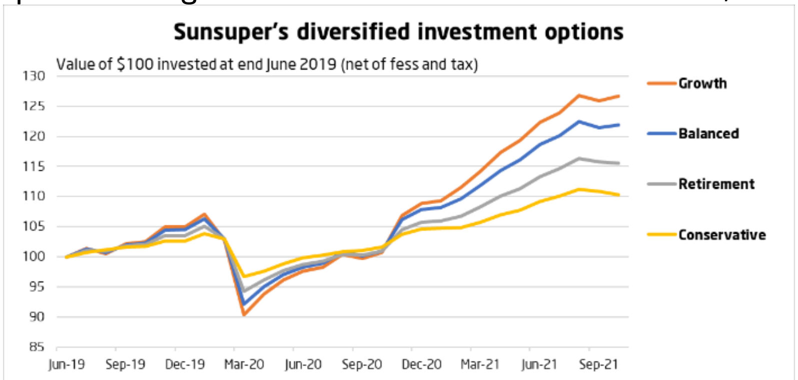
Often Sunsuper is not listed when superannuation results are given. Why?

- At Sunsuper we don't manage money with the aim to be top of any particular performance survey at any given point in time, nor are we aiming to beat any individual fund over any particular time period.
- Our aims are to deliver and preferably exceed the long-term real (after inflation) return objectives outline in our product disclosure statements while also being competitive with other funds over the medium to longer term i.e. consistently above the performance of the median or typical fund in performance surveys.
- We have achieved both of those aims.

Whilst the investment returns for 2020/21 appear healthy, the fact is that there hasn't been any real growth for the past 2 years now, i.e.- capital has rebounded to pre-pandemic levels now

which includes 2 years of contributions, therefore the real performance is not as healthy as it appears. What are Sunsuper doing to provide real growth to our super?

- The chart shows how Sunsuper's diversified options have performed since June 2019. The value of $100 invested in June 2019 has grown significantly during that period, including all accrued income such as dividends, interest etc. and after fees and taxes have been accrued, and even including the sharp falls during COVID. In real or after inflation terms, these still represent solid gains.



How does Sunsuper achieve such good returns.

- Thanks for the feedback! We build widely diversified portfolios using assets and investment managers that offer excellent value for money for our members. In particular, we maintain a substantial allocation of unlisted assets – property, infrastructure, private equity and private debt – that offer higher long-term returns than more traditional, listed asset classes while reducing our members' exposure to share market volatility.
- In the shorter-term, Sunsuper has been well-positioned to take advantage of the recovery in world share markets since the end of March 2020.

I would like to understand better the waves of the investment share market, for example investing 311,000 in August then watching it slide to 307,000 by mid-October with no real upward trend, is it certain periods through the year this occurs based on world markets, doubt in trade?

- Share markets are inherently volatile in the very short term, such as the period from August to October this year. It's virtually impossible for even the best investors in the world to accurately forecast where share markets might be heading in the short term.
- While over the long term shares deliver superior returns to other, less volatile asset classes, in the short term many people can be highly unnerved by the volatility in share markets.
- Over time, share prices tend to rise because the economy and the value of the business that comprise it tend to grow (mind you, not all of them, and not all the time!)
- As a rule, the more willing you are to accept the short-term volatility of share markets, the more likely you are to benefit from the long-term growth of the businesses that are listed on those markets.

Do you think there will be a stock market crash in the next few months? If so how bad do you reckon? Or is what I'm hearing purely scaremongering!
Is the stock market overheated and will there a crash coming?
How will you mitigate a market downturn and protect our savings? What are your strategies to support environmentally sustainable companies into 2022?

How is Sunsuper positioned to guard against a market fall, as predicted by many commentators at this time?
What strategies is Sunsuper pursuing to mitigate the risks associated with: potential inflation and rates rise; rising petrol prices; real estate market price increase and higher levels of debt?

- The recovery from the COVID falls in March 2020 has been remarkable. Returns have been very strong. After increasing our exposure to shares during March 2020, we have gradually reduced our exposure over the subsequent months as shares have become less attractive vs fixed income.
- That said, given how low interest rates remain, we still view shares overall as attractive vs bonds and cash and we are modestly overweight in shares in our diversified portfolios.
- However, within that allocation, we view shares in Europe and Japan as being better value than in the US, which to us looks relatively expensive. This is NOT to say, however, that we view a crash as imminent. Nor do we manage money based on anyone's forecasts of such events.
- As a superannuation fund our job is to build portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS. That is perhaps the best contribution we can make as investors to ensuring our members enjoy the best possible retirement.
- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen. Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis, every downturn every recession comes to an end – bar none.
- And before they end, they create opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do.

My largest concern regarding the safety of my super investment is the fact that when the shares/markets fall, the manager is forced to sell and realise a loss when I would prefer that the manager hold the position and ride out said dip. While I understand regulations require the manager to sell at a point in a falling market to minimise potential losses. I would love an option to set my preferences for what the manager should do with my investments where there is a fall in the market.

- . As a superannuation fund our job is to build portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS. We are not traders: short-term market volatility is an inevitable part of being a long-term investor and we don't think in terms of 'stop losses' etc.
- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen.
- Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis creates opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do.
- Shares comprise a significant portion of diversified superannuation portfolios and consequently super balances do tend to rise and fall with share markets. However, because these portfolios are diversified i.e. they invest in a range of other assets, they tend to fluctuate in value to a significantly lesser extent that share markets.

What will happen to my super balance if the share market rises or falls

- As a superannuation fund our job is to build portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS. We are not traders: short-

term market volatility is an inevitable part of being a long-term investor and we don't think in terms of 'stop losses' etc.
- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen.
- Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis creates opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do.

What future proofing do Sunsuper implement when the market drops out? Also what can we do to really maximise our investment

- As a superannuation fund our job is to build portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS.
- Apart from Australian and international shares, the Sunsuper Balanced option also includes cash and fixed income as well as a significant allocation to unlisted assets – property, infrastructure, private equity and debt – that help to reduce the volatility of returns – reducing our members' exposure to the volatility of the share markets.
- That is perhaps the best contribution we can make as investors to ensuring our members enjoy the best possible retirement. We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen.
- Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis, every downturn every recession comes to an end – bar none. And before they end, they create opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do.
- As for what you can do to maximise your investment, the best approach is to ensure that the investments you are in are appropriate for your stage of life, financial goals and risk appetite. And where possible, making additional contributions to super.

What strategy can we adopt in view of the record breaking bull run in the US share market which is looking more and more like a gigantic bubble.

- Given how low interest rates remain, we still view shares overall as attractive vs bonds and cash and we are modestly overweight shares in our diversified portfolios. However, within that allocation, we view shares in Europe and Japan as being better value than in the US, which to us looks relatively expensive.
- This is NOT to say, however, that we view a crash as imminent. Nor do we manage money based on anyone's forecasts of such events. And we would caution against acting on predictions of US shares being a bubble.
- ***We do not invest money based on our own, or anyone else's, short-term economic or market forecasts.*** We recognise that crises happen; share market downturns/crashes happen, in the US and elsewhere. Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis, every downturn every recession comes to an end – ***bar none***.
- And before they end, they create opportunities to buy quality assets (in the US and elsewhere!) at attractive prices. That's what we pay our investment managers to do.

When share markets drop, like Feb/March 2020 or the GFC, many smart investors sell stocks, hence the drop. So why do FP's NOT suggest that clients should move share options to CASH in extraordinary circumstances? Alternatively, Sunsuper's Brian Parker regularly states MARKETS ALWAYS RECOVER. I watched many of your podcasts that highlighted this.....so why weren't your FA's passing this onto customers like me.....especially back in mid-2020? I fear that MANY customers swapped to Conservative Fund Options back then and missed out on a very predictable market recovery. I honestly believe that Sunsuper could have avoided that and missed a huge opportunity to help those customers.

- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen. It is incredibly difficult to predict when they will occur and when they will (inevitably) end.
- Over the working life of a typical fund member there maybe 5 or 10 such episodes. But every crisis, every downturn every recession comes to an end – bar none. And before they end, they create opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do. During COVID, our communications to members – through our website content, our financial advisers and our podcasts – were explicitly designed dissuade members from becoming more conservative AFTER such a sharp decline in world share markets and to encourage members to seek financial advice before making any changes to their strategy. Those members who stayed the course were able to benefit from the recovery in share markets since the end of March 2020.

Can we see more in house assets with a long fixed income streams to better avoid share market volatility (e.g. Sydney airport unlisted)?

- We maintain a significant exposure to unlisted assets – property, infrastructure, private equity and debt – because these assets provide a premium return above listed markets. For the balanced option, these assets comprise around 29% of the portfolio.
- However, we also need to ensure that Sunsuper maintains sufficient liquidity in order to meet our members' demand for liquidity – for example, pension payments or to accommodate potential switching into cash during a crisis environment. We are confident that our current allocation to unlisted assets is appropriate.

What is the risk and sharpe ratio of the fund for the last five years and the last one?

Over the five years to 30 September 2021, the Sunsuper Balanced option has delivered a 9.7% p.a. return with a standard deviation of 6.9%. The Cash return is 1.2% p.a. which gives a Sharpe ratio of 1.23.

You can find the risk (std deviations) for our Diversified options are below.

	Conservative	Retirement	Balanced	Growth
1yr	1.8%	3.1%	4.5%	5.6%
3yr	2.8%	5.1%	7.5%	9.2%
5yr	2.4%	4.3%	6.2%	7.6%
7yr	2.4%	4.2%	6.0%	7.3%
10yr	2.2%	3.8%	5.5%	6.6%

Sharpe ratios for each of our Diversified options are shown below.

	Conservative	Retirement	Balanced	Growth
1yr	5.2	4.9	4.7	4.7
3yr	1.5	1.2	1.1	1.0
5yr	1.8	1.5	1.4	1.3
7yr	1.7	1.3	1.3	1.2
10yr	1.9	1.5	1.5	1.3

Where is the best share to be investing my money on?

- We are not able to provide advice on individual shares. Nor would we recommend anyone build a portfolio based on any single share.

Any plans to make Alternatives available as an option?

- Yes, we have Diversified Alternatives available as an option.
- Our Diversified Alternatives option invests in our Infrastructure, Private Capital and Alternative Strategies portfolios as well as a small holding in cash. In addition, our Property option invests in listed real estate securities as well as Sunsuper's unlisted property portfolio.
- You can change your investment strategy any time through our *Member Online* portal.
- I do encourage you reach out to Sunsuper on 13 11 84 or speak with your financial adviser. Our contact centre representatives can help you make sure your investment choice is right for your goals, tolerance for risk, and stage of life. Based on your discussion, they may refer you to one of Sunsuper's phone-based financial advisers if you don't have your own adviser, as we know that members who seek financial advice feel more confident about their financial future.

Is there any kind of specific international stock index tracking investment option available?

- Yes – we offer three passively managed (index tracking) international shares options
  - Emerging markets
  - International shares – index (unhedged)
  - International shares – index (hedged)

Question 2, over the last 12-18 months performance has been rather extraordinary, is this likely to continue? Question 3. If there is a share market crash around the corner, how much will that impact my super in a balanced fund? Q4. What is the best strategy to be following at present?

- We have no way of knowing how the economy or financial markets will evolve over the short-term or indeed over the next few years. We don't invest money on the basis of our own or anyone else's short term economic or market forecasts. We recognise that crises happen; share market downturns/crashes happen. Over the working life of a typical fund member there maybe 5 or 10 such episodes.
- But every crisis, every downturn every recession comes to an end – bar none. And before they end, they create opportunities to buy quality asset at attractive prices! That's what we pay our investment managers to do.
- We focus on building portfolios that are designed to meet and preferably exceed the performance objectives that are outlined in Sunsuper's PDS. And we remain confident that we can meet those return objectives. For example, for the Balanced option, we aim to generate returns of CPI plus 3.5% net of investment fees and costs and super tax. Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely. It's also important to recognise that the balanced option contains a range of assets including cash, fixed income and alternative asset

classes – unlisted property and infrastructure, private equity and private credit – that reduce our members' exposure to share market volatility.

- While see no obvious reason for pessimism about return prospects for the next five years, we also think it would be wise to not extrapolate that very strong past performance into the future.

What is the average percent earnt per year?

- Sunsuper's Balanced option for Super-savings accounts produced a return of 20.7% over the financial year to June 2021 – the strongest financial year return for more than 25 years.
- As at 30 November 2021, our Balanced investment option returned an average of 9.9% p.a. over 10 years. Sunsuper has outperformed the industry average over 1, 3, 5, 7 and 10 years, and exceeded the return objective set in our Product Disclosure Statement.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)

What are key indicators where Sunsuper starts to reduce managed shares and move more of customers portfolio to reduce risk?

- As a superannuation fund our job is to build well-diversified portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS. Apart from Australian and international shares, the Sunsuper Balanced option also includes cash and fixed income as well as a significant allocation to unlisted assets – property, infrastructure, private equity and debt – that help to reduce the volatility of returns – reducing our members' exposure to the volatility of the share markets.
- ***We do not invest money based on our own, or anyone else's, short-term economic or market forecasts.*** However, we do adjust the allocation of our portfolios between shares, bonds and cash to reflect changes in the relative value of these asset classes. We refer to this as Dynamic Asset Allocation (DAA).
- After increasing our exposure to shares during March 2020, we have gradually reduced our exposure over the subsequent months as shares have become less attractive vs fixed income.
- That said, given how low interest rates remain, we still view shares overall as attractive vs bonds and cash and we are modestly overweight shares in our diversified portfolios. However, within that allocation, we view shares in Europe and Japan as being better value than in the US, which to us looks relatively expensive.

What is the difference between international hedged and unhedged? Which has the better performance?

- For overseas investments such as international shares, changes in the value of the Australian dollar against foreign currencies will directly impact the value of your investments.
- In order to eliminate the impact of exchange rate movements on the value of a portfolio, Sunsuper can put in place currency hedges – forward contracts that 'lock-in" a future exchange rate.
- The hedged option has such arrangements in place – the unhedged option does not. The performance of each option will vary over time.
- During periods of Australian dollar weakness, the unhedged option outperforms. During periods of Australian dollar strength, the unhedged option lags.

I would like to know the investment methodology used in Investing in the Australian Indexed Property Fund • We appoint an external manager (formerly Vanguard, now State Street Global Advisors) to construct a portfolio on our behalf that replicates the composition of the S&P/ASX300 REIT Index. • The performance of the fund closely mirrors that of the index before fees and tax.
Will the rates for each Sunsuper investment pool change? • If the question refers to fees, Sunsuper has always aimed to pass on the benefits of our growth to members in the form of lower fees whenever possible. • If the question refers to returns, then we have no control over future returns. As a superannuation fund our job is to build well-diversified portfolios that are designed to meet and preferably exceed the medium to long-term performance objectives outlined in Sunsuper's PDS.
What company will be used for indexing now that the Vanguard indexing products will not be used • State Street Global Advisers (SSGA) has been announced as Sunsuper's new passive investment manager, replacing Vanguard Australia. • SSGA has a long history in managing passive investment strategies which are a core component of SSGA's business, accounting for $3.7 trillion of the firm's $4.5 trillion in funds under management. This was a key reason for SSGA's appointment: as with Vanguard, index management is core to what they do. SSGA will manage Sunsuper's passive strategies in Australian Shares, International Shares – Developed Markets, International Shares – Emerging Markets, Australian Listed Property, Global Listed Property, Australian Fixed Income and Global Fixed Income. • We believe that SSGA will offer world leading capability, flexibility and alignment that should enhance overall investment outcomes for our members in the future
What it the outlook for USD in 2022? • Our Diversified Asset Allocation (DAA) strategy is currently modestly underweight the US Dollar, which we view as a little overvalued vs the Euro and the Yen. • We view the Australian dollar as more overvalued. We make no particular call on the direction of currencies over any particular time period, however, given the vagaries of currency forecasting. • The Swiss Franc remains extremely overvalued against all other major currencies.
When will we get notified of the government requirements on super funds and where Sunsuper sits on its performance assessment? • The government's Your Future, Your Super Bill passed Parliament on 17 June 2021, and included a new performance test for all funds. • The APRA performance test ranks MySuper products annually. Underperforming funds have to notify their members within 28 days, and funds that fail twice in a row could be blocked from taking new members. • The outcome of the first assessment was released on 31 August 2021. • Sunsuper is ranked as a performing fund on the ATO's Your Super Comparison tool. i.e. we passed. • It's important to remember, though, that the published test is a retrospective assessment and doesn't indicate future performance.

- The results also don't tell members of funds ranked as underperforming why and by how much their fund has failed the test.
- Sunsuper supports the intent of the YourSuper comparison tool to empower members with the information they need to make informed decisions about their financial future.

Could you please introduce more investment options (gold, oil and gas, mining, non-renewable etc)?

- To date, the member demand has not been sufficient to justify the expense of delivering these options. However, if member demand in a particular investment class increases to make the offering of a new option viable, we will respond accordingly.
- It's worth noting that our investment strategy includes a commitment to aligning our investment portfolios with net-zero emissions by 2050 on the basis that it will promote members' financial interests.

Super funds are supposed to act in members' best interests with respect to returns. Not everyone is convinced that ESG guidelines are desirable. Will we, for example, lose access to invest in index funds which buy companies mining fossil fuels? Fossil fuels will be essential for years to come and there are good opportunities in them at the moment. Will I and other who agree with me be denied access to these based upon others' beliefs?

- We don't see this issue as either/or, we believe that aligning our portfolio to net-zero carbon emissions will help deliver the best financial results for members. This enables us to both mitigate long-term risks and capture opportunities that may present themselves as the global economy transitions. This is a view taken not just by Sunsuper but by many of the largest pension funds in Australia and across the world.
- The Reserve Bank of Australia has described climate change as a "first-order risk for the financial system", and earlier this year the Australian Prudential Regulation Authority released for consultation its draft guidance for banks, insurers and superannuation trustees on managing the financial risks of climate change.
- Decarbonisation and the transition to a low-carbon future represent a shift to the global economy and present long-term financial risks that we must manage, on the basis that it will promote members' financial interests.
- As at August 2021, approximately 4% ($4.32b) of our listed shares portfolio is invested in fossil-fuel related businesses.
- Through our Climate Action Plan, Sunsuper has committed to a net-zero emissions portfolio by 2050, with interim targets over the next two decades, on the basis that it will promote the financial interests of our members.
- Our CAP also includes carbon intensity budgets for our equity managers that will help reduce our exposure to fossil fuel related businesses.
- Sunsuper has a fiduciary responsibility to act in the best interests of our members from an investment returns perspective.

Are you likely to expand the existing passive investing (index) options available through Sunsuper to include things like International Small Caps etc?
Is there any intention to expand the list of available index investment options (e.g. international small caps)?

- We carefully consider the main purposes members have for their superannuation and retirement savings and offer options to match them. We are constantly reviewing the investment menu to ensure that it continues to meet the needs of our members. In the short term there will be no major changes to the investment menu, however following the merger with QSuper, a detailed review of the investment menu will be undertaken.

Can you please confirm if you are you dedicated to provide best results for your members or are you inclined towards social responsibilities like net zero?

- Sunsuper has a fiduciary responsibility to act in the best interests of our members from an investment returns perspective.
- We don't see them as either/or; we believe that aligning our portfolio to net-zero carbon emissions will help deliver the best results for members.
- The Reserve Bank of Australia has described climate change as a "first-order risk for the financial system", and earlier this year the Australian Prudential Regulation Authority released for consultation its draft guidance for banks, insurers and superannuation trustees on managing the financial risks of climate change.
- Decarbonisation and the transition to a low-carbon future represent a shift to the global economy and present financial risks that we must manage, on the basis that it will promote members' financial interests.
- Coupled with a net-zero target, our investment strategies will manage the risks and disruptions to the energy, manufacturing and transport industries and the built environment and align to a low-carbon world.

Why isn't Sunsuper investing in Bitcoin?

- We do monitor the growth in cryptocurrencies and their behaviour as well as the technology underpinning those currencies.
- While we have no plans at this point to directly invest in bitcoin or other cryptocurrencies, our venture capital managers are looking for opportunities that might be generated from the use of the block chain technologies that underpin cryptocurrencies.
- As a super fund, we overwhelmingly invest in financial assets, such as shares and bonds, that can be accrued and reinvested on behalf of our members, and physical assets, including property and infrastructure assets, that generate reliable streams of income.
- At this stage of their development, cryptocurrencies are still highly speculative assets that pay no income, are almost impossible to value in any fundamental sense, and are traded on markets that are far from transparent.
- However, there is potential to invest in central bank-backed cryptocurrencies in the future.

How can we increase exposure to private companies and cryptocurrencies?

- We do monitor the growth in cryptocurrencies and their behaviour as well as the technology underpinning those currencies.
- While we have no plans at this point to directly invest in bitcoin or other cryptocurrencies, our venture capital managers are looking for opportunities that might be generated from the use of the block chain technologies that underpin cryptocurrencies.

- As a super fund, we overwhelmingly invest in financial assets, such as shares and bonds, that can be accrued and reinvested on behalf of our members, and physical assets, including property and infrastructure assets, that generate reliable streams of income.
- At this stage of their development, cryptocurrencies are still highly speculative assets that pay no income, are almost impossible to value in any fundamental sense, and are traded on markets that are far from transparent.
- However, there is potential to invest in central bank-backed cryptocurrencies in the future.
- As for private companies, Sunsuper continues to hold a substantial allocation to alternative asset classes, particularly the key unlisted asset classes – property, infrastructure, private equity and private credit. Sunsuper's private equity portfolio invests in several thousand private companies.

What plans do you have in place for the next 18 months to maintain and grow our investments?

- Super is a long-term investment - investing on the basis of short-term economic and market forecasts is incredibly difficult. At Sunsuper we design portfolios that aim to achieve and preferably exceed their medium to long-term performance objectives as contained in our Product disclosure Statements.
- Sunsuper's Dynamic Asset Allocation (DAA) strategy, which is designed to exploit market mispricing across a range of share and bond markets and currencies, made several adjustments to exposures during the quarter in response to significant changes in relative value. Despite a strong rally in share prices, our DAA positioning continues to slightly favour shares over both fixed income and cash. Within our shares exposure both Sunsuper and our international share managers continue to favour European over US shares on relative valuation grounds.
- We have recently made substantial changes to our fixed income portfolios in response to the persistently low – and in some markets negative – level of bond yields. Compared to Sunsuper's previous fixed income strategy, the new portfolio is designed to provide a somewhat higher level of income, stronger defensive characteristics as well as high levels of liquidity and diversification. We now expect our total sovereign bond portfolio to outperform a 50-50 benchmark of US and Australian Treasury bond indices.
- Global managers will no longer be required to hold a diversified portfolio of sovereign bonds that may have included negative yielding bonds, but will be allowed to hold securities issued by other countries where they see the potential to outperform US Treasury securities. For the Australian managers, the most material implication of the change is a reduction in credit exposure: those managers will be subject to an Australian Treasury bond benchmark and a 10% limit on their holdings of investment grade corporate securities.
- Sunsuper continues to hold a substantial allocation to alternative asset classes, particularly the key unlisted asset classes – property, infrastructure, private equity and private credit. As a large superannuation fund, we have well-diversified portfolios of these assets that have delivered strong, long-term returns, while reducing our members' exposure to share market volatility.
- We maintain a significant exposure to foreign currencies. Given the long-standing tendency of the Australian dollar to fall sharply during times of market stress, a higher allocation to foreign currency is a means of providing additional protection to our diversified portfolios in the event of a further major share market correction.

Coming out of restrictions, are we looking at a stronger economy and therefore better returns?

- We remain confident we can achieve the return objectives that we set out in our PDS (e.g. for the Balanced option, CPI plus 3.5% net of investment fees and costs and super tax).

- Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.
- We have no way of knowing with any certainty how the economy and financial markets will evolve over the short term, particularly given the ongoing challenges presented by COVID-19 and the widely divergent pace of vaccine rollout across the world.
- We do not invest money based on our own, or anyone else's, short-term economic or market forecasts. Although the recent lockdowns in NSW and Victoria made a large decline in Australia's GDP inevitable for the September quarter, the Australian economy is likely to have returned to growth in the current quarter.
- Both the Australian and global economies should grow solidly in 2022, although periodic COVID-related setbacks remain likely, particularly given that a successful and broad-based vaccination program is likely to take considerable time.

Prediction for the next 5 years, will super continue to perform well?

- We have no way of knowing how the economy or financial markets will evolve over the short-term or indeed over the next few years. We don't invest money on the basis of our own or anyone else's short term economic or market forecasts. We focus on building portfolios that are designed to meet and preferably exceed the performance objectives that are outlined in Sunsuper's PDS. And we remain confident that we can meet those return objectives. For example, for the Balanced option, we aim to generate returns of CPI plus 3.5% net of investment fees and costs and super tax. Are we still finding assets and strategies that are more than capable of helping us to deliver on those objectives? Yes, absolutely.
- We'd also note that those return objectives are obviously much lower than the very strong returns seen over the past year, and also considerably lower than the returns delivered over the past 10 years. To address the question as directly as possible, we see no obvious reason for pessimism about return prospects for the next five years, we also think it would be wise to not extrapolate that very strong past performance into the future.

With inflation becoming more evident in the US and some evidence in Australia and possibility of interest rate rises in the short term, how is Sunsuper positioning its investments to mitigate risks of investment value declines as increased interest rate impacts are factored in to investment pricing?

- The short answer is that we are well positioned. Probably worth highlighting a few issues here.
- Our focus in building investment portfolios is on delivering real or AFTER inflation returns, net of fees and taxes. For our Balanced option, that means aiming to generate a real return of 3.5% net of fees and taxes ABOVE what we expect to be a HIGHER inflation rate over the coming years.
- Our Dynamic Asset Allocation (DAA) process currently has us positioned underweight in fixed income and overweight shares, so in that sense we are implicitly positioned for the likelihood of higher interest rates over the coming years. In addition, in our long-term or Strategic Asset Allocation, we tend to have a lower exposure to traditional fixed income assets than many competing funds.
- In an environment where interest rates and bond yields are still extraordinarily low, traditional defensive assets such as cash and bonds may well fail to deliver returns in excess of inflation. So that begs the question, where are going to get real returns from? We do expect shares to deliver a healthy return premium over cash and bonds. However, the role of our unlisted assets – property, infrastructure, private equity and debt – is particularly crucial.

- Over time, these assets deliver premium returns – what we refer to as the illiquidity premium. Their expected returns are well in excess of current inflation and sufficiently high to compensate for the likelihood of higher inflation over time. They often generate income streams that are much more attractive than the returns on offer in money and bond markets. And in many cases, their performance is often explicitly linked to inflation – e.g. property leases with inflation adjustments built in or in our infrastructure portfolio, regulated utilities where pricing/use charges is linked to inflation.

How is Sunsuper preparing for the coming rate rises and inflation?

- The short answer is that we are well positioned. Probably worth highlighting a few issues here.
- Our focus in building investment portfolios is on delivering real or AFTER inflation returns, net of fees and taxes. For our Balanced option, that means aiming to generate a real return of 3.5% net of fees and taxes ABOVE what we expect to be a HIGHER inflation rate over the coming years.
- Our Dynamic Asset Allocation (DAA) process currently has us positioned underweight in fixed income and overweight shares, so in that sense we are implicitly positioned for the likelihood of higher interest rates over the coming years. In addition, in our long-term or Strategic Asset Allocation, we tend to have a lower exposure to traditional fixed income assets than many competing funds.
- In an environment where interest rates and bond yields are still extraordinarily low, traditional defensive assets such as cash and bonds may well fail to deliver returns in excess of inflation. So that begs the question, where are going to get real returns from? We do expect shares to deliver a healthy return premium over cash and bonds. However, the role of our unlisted assets – property, infrastructure, private equity and debt – is particularly crucial.
- Over time, these assets deliver premium returns – what we refer to as the illiquidity premium. Their expected returns are well in excess of current inflation and sufficiently high to compensate for the likelihood of higher inflation over time. They often generate income streams that are much more attractive than the returns on offer in money and bond markets. And in many cases, their performance is often explicitly linked to inflation – e.g. property leases with inflation adjustments built in or in our infrastructure portfolio, regulated utilities where pricing/use charges is linked to inflation.

How did Sunsuper perform last financial year compared to the other top performers?

- Sunsuper's Balanced option for Super-savings accounts produced a return of 20.7% over the financial year to June 2021 – the strongest financial year return for more than 25 years.
- Sunsuper has outperformed the industry average over 1, 3, 5, 7 and 10 years, and exceeded the return objective set in our Product Disclosure Statement.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)

There has been much talk (from some economists and Fund managers) that a major correction is overdue. The level of world debt and money printing by Reserve banks has arguably created an environment for excessive risk taking within the world economy. Whatever the merits are of a major stock market correction (50-70%), is Sunsuper well equipped IF such a correction occurs? Is this scenario-tested within your investment models (particularly as major downturns of this magnitude have happened historically)?

- Yes, we model major corrections and other stress scenarios, while also recognising that every crisis, recession and market downturn eventually comes to an end

- Major corrections, wars, pandemics will have an effect but we do have strategies to minimise those impacts.
- Traditional defensive assets, such as bonds, do not have quite the same potential to guard against capital loss as previously. In particular, based on the COVID experience those bond markets where yields are either zero or negative provide little benefit in the event of a major share market downturn. While we still maintain a significant exposure to government bonds, these are largely invested in US Treasuries and Australian Government Bonds.
- In this environment we believe a combination of diversification and robust risk management are the best strategies to help portfolios weather any market correction.
- We also believe that having a significant amount of foreign currency exposure provides defensiveness given the tendency of the AUD to fall sharply during times of market stress.
- And within our unlisted assets portfolios there are a range of assets that do still provide a reliable income stream during a crisis e.g. gas and electricity distribution networks, property assets with long leases to quality tenants.

How can we exactly know where the fund is invested? Is there any documents and/or presentations we can read?

- The scale that comes from being one of Australia's largest super funds allows Sunsuper to hold a well-diversified portfolio of sizable investments in a broad range of assets and asset classes.
- Sunsuper is committed to disclosing our investment portfolio holdings to help improve our members' and all Australian super fund members' understanding of and engagement with their super investments.
- We have already been disclosing our fund's investment portfolio holdings on our website since 31 March 2021, well before any requirements to do so.
- From 31 March, 2022 our portfolio holdings for each investment option will be disclosed in the government's prescribed format and updated every six months.

I have heard that many super funds invest in assets like city office high-rises. If occupancy levels do not return to pre-pandemic levels, is this going to be an issue moving forward?

- While there was some impact on office property valuations as a result of COVID, the sector has fared considerably better than retail: leasing arrangements remained in place and office rent collection rates generally held-up well, aided in no small part by government support measures and low interest rates encouraging investors to buy for the long term.
- Despite the relatively impressive performance of commercial office so far, the longer-term prospects for the sector remain highly uncertain, with competing dynamics at play. Work-From-Home (WFH) during COVID-19 proved to be a great success even among those industries and businesses where WFH was previously viewed as unworkable or otherwise undesirable. On balance it is safe to assume a reduction in longer-term office space demand because of WFH. However, the extent to which WFH arrangements become the new normal is far from certain and likely to vary greatly across industries, job roles and geographies.
- At Sunsuper we tend to hold a smaller allocation to office towers than other funds. Of the office assets we own, we are not rushing to sell, but we are watchful. However we have entered into an agreement to sell our offices in Milton Green in Brisbane.
- For the moment we will continue to invest in office buildings, but we will base any such decisions on a thorough assessment of relative risks and returns, making sure that we have a high degree of

confidence in the ability of any investment we make to provide enough return to compensate for the risks and the costs of making that investment.

I am interested in the Lifetime Pension product offered by QSuper. Would this product be available in the merged super fund of Sunsuper and QSuper?
QSuper Lifetime Pension
In light of merging with QSuper, does Sunsuper have plan to take advantage of its scale in private equity market such as investing in tech start-ups?

- Each Fund's existing product suite will continue through integration planning and at the merger date.

Myself and my wife are long term members of Sunsuper. We are aware of the upcoming merger with QSuper. If this merger proceeds I was hoping if you could explain to me how this current situation with QSuper will impact us. Article today in Financial Review. Our concern is if we as Sunsuper members will be financially impacted.
I read in the AFR that the ATO is auditing QSuper and there is a tax issue and members may be charged a fee as a result. I know you're merging with QSuper so wanted to see if Sunsuper members will be charged this fee after you merge?
Are existing Sunsuper members insulated from potential penalties faced by QSuper?
I have concerns about the merger with QSuper and the ongoing case with ATO on relation to ineligible franking credits as reported in the AFR. How can you claim to be good stewards of my retirement fund?
What will be the impact to Sunsuper Members in regard to QSuper suspected $200 million franking credit stripping scheme that could result in members footing the bill for a record penalty?

- It is common for a large taxpayer to be subject to an annual review.
- QSuper have confirmed that a tax audit is ongoing and, at this stage, the ATO has not provided QSuper with any indication of reassessment or penalty.
- There is no finding, penalty or establishment of liability.
- QSuper have also disclosed the audit in their 2021 Annual Report.
- Audits may result in tax refunds or additional tax falling due.
- Whatever the outcome of the audit, Sunsuper members will not be exposed to any detriment. Should it be determined that QSuper is required to pay an additional amount of tax then this will be met from the existing funds of QSuper. Sunsuper's assets or the Sunsuper Trustee's assets will not be liable, nor will fees need to be raised or levied by Sunsuper in relation to this matter.
- In the event the audit results in a refund then that benefit will similarly go only to the QSuper members and not be shared by the Sunsuper members.
- Sunsuper became aware the audit was being undertaken as part of our extensive due diligence process which scrutinises all issues critical to the merger. This has given us confidence that Sunsuper's members will not be negatively impacted. This means, we have taken steps - as is normal in any merger whether in superannuation or another commercial context - to provide for indemnities for past liabilities (whether known or unknown).
- The Sunsuper Trustee's duties to act in members' best financial interests means that we could not decide to merge if that exposed Sunsuper members to a material detriment.
- The merger is on track to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals.

How is the merger going? **How's the merger going?** **Progress on merger with QSuper** **Is Sunsuper merging with QSuper?** **Is Sunsuper still being acquired and if so when is this to occur?** **I was wondering how 'the merger with QSuper' is going?** **Have QSuper merged with Sunsuper?** **When are we and QSuper becoming one unit/super fund?** **When will the SFT be finalised?** **Progress on QSuper merger?** **When is the merger with QSuper going to happen? Date wise.** **How is the integration of QSuper going?** **Are you amalgamating with another company and how will it benefit?** **Info on the merger and the benefits and timelines would be great** **Interested in an overview of the benefits to Sunsuper members of the QSuper merger** **When is Sunsuper uniting with QSuper and if so are the options and benefits be better for us?** **What is the expected benefit to members of this amalgamation?** • The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals. • The proposed merger will pave the way to create a market-leading $200 billion superannuation fund with the scale to deliver outstanding services, greater efficiencies and lower costs for members. • Open to all Australians, the merged fund will be unquestionably strong, with world-class capability and the scale that comes from a membership base of two million Australians and $200 billion in funds under management. • The merged fund will continue both Sunsuper's and QSuper's focus on working for members, not shareholders, aiming to deliver strong, long-term investment returns, and providing the tools and advice to help members feel on top of their super. • We are now in the integration planning phase of the merger. Under the Heads of Agreement, both organisations are now working together to agree the merged organisation's structure and how operations will deliver material benefits to both fund's members, with the details to be shared with members of each fund during coming months. • On 6 December QSuper and Sunsuper announced that the fund resulting from their proposed merger early next year will be called Australian Retirement Trust. • The merger remains subject to a range of conditions, including regulatory, legislative and final board approvals. • For updates on the merger, visit https://www.sunsuper.com.au/merger
I would like to know what the investment options will be after the merger with QSuper **What will the new investment options and fee structures look like after the merger?** **When will we know what investment options will be available after the merger? Not knowing whether current options will be available is preventing my ability to plan. Will QSuper\'s Self Investment option remain** **Would like progress on merger with QSuper, specifically what investment options will available including whether QSuper Self Invest will be available**

I need an update on the progress of the merger. In particular would like to know what investments will remain in Sunsuper and QSuper and which will disappear. Hard to plan otherwise. Will it QSuper's Self Invest Option remain unchanged??
Will the investment option range change as a result of the merger with QSuper?

- Both funds have strong investment capabilities and a solid record of success in delivering outstanding investment outcomes for members.
- There will be no immediate change to the investment philosophies, strategies or options of QSuper and Sunsuper.
- The appointed Chief Investment Officer, Ian Patrick, is working to combine the strengths of both funds' to best deliver for the merged fund's combined membership.

How will the amalgamation of Sunsuper and QSuper impact insurances, fees etc?

- Each Fund's existing product suite and investment options will continue through integration planning and at the merger date.
- We expect costs to reduce as a result of the merger as the merged fund achieves efficiencies over time.

What is the current cost of the merger with QSuper to members?

- As the largest merger in the superannuation industry, there has been a substantial period of due diligence to determine if there is a strong business case for merging with achievable efficiencies and savings.
- Both boards have committed to only progressing the merger if it is in their members' best interests and that is why each are taking the next step to realise the potential of this merger.
- The merger remains subject to a range of conditions, including regulatory, legislative and final board approvals.
- Due to its scale, the merger will create an unquestionably strong superannuation fund with the capability to deliver outstanding services, greater efficiencies and lower costs for members.
- We are now in the integration planning phase of the merger. Under the Heads of Agreement, both organisations are now working together to agree the merged organisation's structure and how operations will deliver material benefits to both Fund's members, with the details to be shared with members of each fund during coming months.

Question for Chair Andrew Fraser. As someone I have always had a lot of faith in for many years. My question to you is: what are the downsides and risks to this merger and do you believe market consolidation in the superannuation sector is a good thing for members?
Whilst the merger seems really sensible and to our advantage scale can be detrimental to members. Aus. Super has an appalling record of not getting back to members.. I fear this is inevitable with the larger size??
Any risk attached to merging of QSuper to current Sunsuper members?

- Due to its scale, the merger will create an unquestionably strong superannuation fund with the capability to deliver outstanding services, greater efficiencies and lower costs for members.
- As the largest merger in the superannuation industry, there has been a substantial period of due diligence to determine if there is a strong business case for merging with achievable efficiencies and savings.
- Both boards have committed to only progressing the merger if it is in their members' best interests and that is why each are taking the next step to realise the potential of this merger.

• The merger remains subject to a range of conditions, including regulatory, legislative and final board approvals.
How will merger affect insurance and what is stapling super about? • Existing insurance cover will continue through integration planning and at the merger date. Any future changes to insurance cover offered by the merged fund will be communicated to members. • Stapling, also known as Single Default Account, means employers will no longer automatically create a new super account in their default fund for employees commencing employment on or after 1 November 2021 who do not choose a super fund. Instead, where an employee does not advise their employer of their super fund at the commencement of employment, employers will be required to search for an employee's existing ('stapled') fund by contacting the ATO and direct contributions to that fund. You can find out more about the merger and stapling on our website.
Please advise if there'll be better performance with the merge between QSuper & Sunsuper. Pls also advise re gold stock market - if Sunsuper invest in them. **Assume you have merged with QSuper. Please advise if there'll be improvement in your performance and fees. Please also advise how does movement of gold stock operate i.e. what are the factors which affect their moving up or down. Thank you.** • The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals. • Sunsuper's and QSuper's investment performance over the long term is comparable, with both Sunsuper and QSuper delivering strong, long-term returns to members. We expect the merged fund to benefit from that combined strength. • Both funds' Balanced options have strong long-term performance – Sunsuper's Balanced option for *Super Savings accounts* returned 9.89% p.a. over the 10 years to 30 September 2021, with QSuper's returning 9.08% p.a. over the same time period. • We expect costs to reduce as a result of the merger as the merged fund achieves efficiencies over time, and plan to reduce fees from 1 July 2022. • We have no plans to have a formal allocation to gold. We do, however, have an allocation to gold miners in both our Australian and international share portfolios. While gold may have a role in some portfolios, and has certainly performed well over certain time periods, as a super fund, we overwhelmingly invest in real and financial assets that generate reliable streams of income – dividends, interest, rent etc – than can be accrued and reinvested on behalf of our members. • The price of gold is determined by a range of factors, for example, it can be a safe haven in times of crisis and it has been viewed as a way of protecting against inflation. Over time however, the price of gold has tended to correlate inversely with real interest rates, i.e. ss real (after inflation) interest rates fall, the attractiveness of gold – which pays no interest – increases. This also tends to work in reverse. If real interest rates rise, gold becomes less attractive and the price declines.
My wife is in QSuper, will are both in the balanced funds, will we still have diversity in the assets held once QSuper and Sunsuper merge? • Both funds have strong investment capabilities and a solid record of success in delivering outstanding investment outcomes for members. • There will be no immediate change to the investment philosophies, strategies or options of QSuper and Sunsuper.

- The appointed Chief Investment Officer, Ian Patrick, is working to combine the strengths of both funds' to best deliver for the merged fund's combined membership.

When will Sunsuper combine with QSuper and what will this mean for members?

- The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals.
- Each Board signed the Heads of Agreement in March 2021 as they considered this to be in their members' best interests. That is, both boards were confident that the Trustee of the merged fund will be able to deliver benefits to members – outstanding services, greater efficiencies and lower costs.
- Open to all Australians, the merged fund will be unquestionably strong, with world-class capability and the scale that comes from a membership base of two million Australians and $200 billion in funds under management.
- The merged fund will continue both Sunsuper's and QSuper's focus on working for members, not shareholders, aiming to deliver strong, long-term investment returns, lower fees and providing the tools and advice to help members feel on top of their super.
- On 6 December QSuper and Sunsuper announced that the fund resulting from their proposed merger early next year will be called 'Australian Retirement Trust'.

What will the new investment options and fee structures look like after the merger?

- Both funds have strong investment capabilities and a solid record of success in delivering outstanding investment outcomes for members.
- There will be no immediate change to the investment philosophies, strategies or options of QSuper and Sunsuper.
- Both QSuper and Sunsuper have delivered strong, long-term returns for members. The appointed Chief Investment Officer, Ian Patrick, is working to combine the strengths of both funds to best deliver for the merged fund's combined membership.

What is the present position of the proposed merger of Sunsuper with QSuper. If it is proceeding, what will be the name of the merged entity and will it reflect effectively the Australia wide corporate client base built by Sunsuper over the past 19 or so years and the associated nationwide membership?

- The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals.
- Open to all Australians, the merged fund will be unquestionably strong, with world-class capability and the scale that comes from a membership base of two million Australians and $200 billion in funds under management.
- The combination of Sunsuper's national employer base combined with a commitment to partnering with external financial advisers, and QSuper's public-sector heritage will create a diversified and resilient organisation.
- The merged fund will remain committed to growing nationally and servicing corporate clients.
- On 6 December, QSuper and Sunsuper announced that the fund resulting from their proposed merger will be called 'Australian Retirement Trust.

Could we please have an update on the merger with QSuper, as I have funds in both?

- The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals We'll contact members with both a Sunsuper and a QSuper account following the merger date to make sure they understand the implications of having two accounts and actions they can take to keep these or combine them into one, depending on their circumstances.
- On 6 December QSuper and Sunsuper announced that the fund resulting from their proposed merger early next year will be called 'Australian Retirement Trust.

Super fund amalgamations update and is Sunsuper financially connected to ME Bank?

- The proposed merger is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals .
- The proposed merger will pave the way to create a market-leading $200 billion superannuation fund with the scale to deliver outstanding services, greater efficiencies and lower costs for members.
- Open to all Australians, the merged fund will be unquestionably strong, with world-class capability and the scale that comes from a membership base of two million Australians and $200 billion in funds under management.
- The merged fund will continue both Sunsuper's and QSuper's focus on working for members, not shareholders, aiming to deliver strong, long-term investment returns, and providing the tools and advice to help members feel on top of their super.
- We are now in the integration planning phase of the merger. Under the Heads of Agreement, both organisations are now working together to agree the merged organisation's structure and how operations will deliver material benefits to both fund's members, with the details to be shared with members of each fund during coming months.
- On 6 December QSuper and Sunsuper announced that the fund resulting from their proposed merger early next year will be called Australian Retirement Trust.
- The merger remains subject to a range of conditions, including regulatory, legislative and final board approvals.
- For updates on the merger, visit https://www.sunsuper.com.au/merger
- In relation to ME Bank, Sunsuper no longer has any ownership of ME Bank which was acquired by Bank of Queensland in July 2021.

1. QSuper recent ATO audit: Does Sunsuper has protocols/rules in place to avoid this type of risks? 2. Where can super members find more about the investments they actually have under each of the super investment options? The characteristics of the investment options are explained, but with not enough details. Thanks

- In regard to your first question:
  - It is common for a large taxpayer to be subject to an annual review. QSuper have confirmed that a tax audit is ongoing and, at this stage, the ATO has not provided QSuper with any indication of reassessment or penalty.
  - There is no finding, penalty or establishment of liability.
  - QSuper have also disclosed the audit in their 2021 Annual Report.
  - Audits may result in tax refunds or additional tax falling due.
  - Whatever the outcome of the audit, Sunsuper members will not be exposed to any detriment.
  - Sunsuper is a strong advocate of good corporate governance.

Where appropriate we strive to adopt the corporate governance standards that have been recognised within the Australian superannuation and financial services industries, in particular the Governance Code of the Australian Institute of Superannuation Trustee (AIST Governance Code).

- We have an Audit, Compliance and Risk Management Committee that assists the Sunsuper Board in fulfilling its oversight responsibilities for the financial reporting process, the audit process, the system of internal control, risk management and the process for monitoring compliance with laws, regulations, the conflicts management framework and the Code of Conduct and Ethics.

- To answer your second question, we have been disclosing our fund's investment portfolio holdings on our website since 31 March 2021.
- From 31 March, 2022 our portfolio holdings for each investment option will be disclosed in the government's prescribed format and updated every six months.
- Sunsuper is committed to disclosing our investment portfolio holdings to help improve our members' and all Australian super fund members' understanding of and engagement with their super investments.

I would like to know the future directions of the fund as we head out of covid-19 restrictions etc.

- The proposed merger between Sunsuper and QSuper is planned to proceed on 28 February 2022 pending final Board, regulatory and legislative approvals.
- The proposed merger will pave the way to create a market-leading $200 billion superannuation fund with the scale to deliver outstanding services, greater efficiencies and lower costs for members.
- The merged fund will continue both Sunsuper's and QSuper's focus on working for members, not shareholders, aiming to deliver strong, long-term investment returns, and providing the tools and advice to help members feel on top of their super.
- As a part of this, we will continue to focus on:
  - building on our investment capability and ensuring we are well positioned to take advantage of investment opportunities within the market,
  - continuing to build our capability in the consumer direct space, and
  - reinvesting in technology to deliver for our customers – members, advisers and employers.

When will Sunsuper amend the age for salary continuance as my retirement age is 66.5 not 65 and I am still working? The Government made these changes a number of years ago, so why hasn't Sunsuper?

- Sunsuper provides a sustainable, value-for-money and competitive insurance offering for our members.
- Insurance cover needs generally decline as consumers approach age 65 and financial commitments and obligations reduce.
- We take into account a number of factors, including the views/feedback of members, while at the same time ensuring excessive insurance premiums don't erode the balances of members' retirement savings.
- Sunsuper continually reviews our insurance offering to ensure that it is meeting our collective members' needs and regularly make updates which are valued by a significant portion of our member base and delivered cost effectively.
- Your feedback has been passed onto our Product team.

Where is the transparency to our members and investors in pay increases, fees, and other outgoings?

- Our fees and costs are all disclosed in our Product Disclosure Statement (PDS) in accordance with ASIC's regulatory guide (RG97).
- We inform all members of any material change in fees and costs via a Significant Event Notice.

Please explain the reasoning behind the extraordinary 40%+ increase in the investment fees advised on 17 May 21, and effective from 1 July 21.
Can you please explain why the indirect costs rose for many options on 1 July 2021 by around 50%?

- Investment returns for the last financial year have been the best ever for super funds.
- Sunsuper's investment return for FY21 – 20.72% for our Balanced option – was the highest one-year return in the Fund's history.
- Due to the strong market rebound and our performance, our actual costs for some investment options were higher than we had anticipated and higher than long-term averages.
- The major driver of higher costs was due to the performance of unlisted assets (infrastructure, property, private capital and alternative strategies). Due to this strong performance, the performance-related costs for these asset classes were higher than long term averages.
- This resulted in an increase to the Fund's performance-related costs within the Indirect Cost Ratio (ICR).
- We only incur performance-related costs within the indirect cost ratio (ICR) in years where investment managers outperform their targets.
- The ICR is not charged by Sunsuper or deducted directly from members' accounts or unit prices. It is deducted from investment returns prior to the calculation of our daily unit prices.
- For a Sunsuper member, per $50k of account balance invested in the Growth option, the increase in performance-related costs (within the ICR) is $130; however, it's important to note that Sunsuper's one year return to 31 May 2021 was 24.1% p.a. This means that per $50k balance, members saw a dollar-based investment return of $12,050. Our exceptionally strong investment returns, even after fees and costs, means we have outperformed the industry average/median returns for 1, 3 5, 7 and 10 years.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)

Could you explain the fee structure in more detail for the various schemes? How does this compare with other super funds?

Sunsuper charges the following fees:

- Administration fee – This fee is charged to help cover the operational costs of administering the Fund.
- Investment fees – Investment fees are the fees charged to members for managing each investment option.
- Performance-related fees – This fee is charged based on a percentage of the market value of the funds managed. In some cases, Sunsuper charges a lower base fee and an additional performance-related fee if performance targets are exceeded by our underlying managers.
- Indirect cost ratio (ICR) – Indirect costs are expenses incurred in managing the investments in addition to the investment fee and include transactional and operational costs. ICRs are not paid by Sunsuper, but rather are incurred indirectly by our managers and are included in net investment returns.

Why am I being charged fees if I am in a MySuper product? • Irrespective of the investment option selected, Sunsuper incurs operational costs to administer the Fund. As a profit-for-members Fund, these costs are shared among all members of the Fund.
Why Administration Fee-Flat Fee and Percentage Fee should be included for every week, and it seems that amount for my super loss a lot? • The Administration fee is the same for all members of the Fund and is charged to help cover the operational costs of administering the Fund. • We also have a fee cap which means that if your total account balance is less than $6,000 at the end of the financial year or the date you leave Sunsuper, the total combined amount of administration, investment fees and indirect costs charged is capped at 3%. • Ultimately, your account balance will be impacted by the investments selected and how those investment options have performed.
Why there are lot of fees when you are using my super amount for your returns? It should be no fee or very low fee. • The administration fee is charged to help cover the operational costs of administering the Fund. As a profit-for-members fund, profits from the administration fee are retained in the fund to improve member services.
The admin charges are high compared to some other funds • As a profit-for-members Fund, profits from the administration fee are retained in the fund to improve member services. • Our administration fees are competitive and are charged to cover the operational costs of administering the Fund for the members.
Is super insurance really worth it? Better than having nothing I guess, but your expertise is in growing super not insurance! • As a profit-for-members super fund, our sole purpose is to help our members achieve their dream retirement. • Our insurance options are designed to help members safeguard their and their families' financial future, while providing a default level of death and total and permanent disability insurance. • Our only motivation is to act in the best interests of our members.
I'd like to know what exactly my money is purchasing in shares and stock. **How do I know what exact shares I'm invested in?** **Better breakdown on investments from individuals super funds** **Are the plans to make it more transparent as to what specific companies my super is invested in? Currently it's a high level sector or investment category and lacks the specific investment choices being made by Sunsuper** **How many businesses does Sunsuper invest in & what's their diversity?** **Like to know the composition of investment of the Australian shares - index and international shares - index fund** • The scale that comes from being one of Australia's largest super funds allows Sunsuper to hold a well-diversified portfolio of sizable investments in a broad range of assets and asset classes.

- Sunsuper is committed to disclosing our investment portfolio holdings to help improve our members' and all Australian super fund members' understanding of and engagement with their super investments.
- We have already been disclosing our fund's investment portfolio holdings on our website since 31 March 2021, well before any requirements to do so.
- From 31 March, 2022 our portfolio holdings for each investment option will be disclosed in the government's prescribed format and updated every six months.

As a long term member of Sunsuper, do we get any loyalty benefit such as income protection insurance or life insurance?

- As a profit-for-members super fund, our sole purpose is to help our members achieve their dream retirement.
- Our insurance options are designed to help members safeguard their and their families' financial future, while providing a default level of death and total and permanent disability insurance.
- Our only motivation is to act in the best interests of our members.
- Sunsuper offers Opt-In Income Protection cover which provides an income for up to two years if you are unable to work due to sickness or injury and to help pay your expenses while you focus on your health and recovery.
- Eligible new members have 120 days from the date joined Sunsuper to add Opt-In Income Protection cover without complicated forms and medical information.
- Members can also apply for Tailored Income Protection cover.
- Sunsuper continually reviews our insurance offering to ensure that it is meeting our collective members' needs. We take into account a number of factors, including the views/feedback of members, and regularly make updates which are valued by a significant portion of our member base and delivered cost effectively.
- In consideration of the provision of automatic Income Protection insurance, Sunsuper is mindful that the inclusion of automatic Income Protection within the default offering could result in members paying for insurance cover for which they may not receive full benefit value in the event of disability.

Why is income protection not included with Sunsuper?

- Sunsuper offers Opt-In Income Protection cover which provides an income for up to two years if you are unable to work due to sickness or injury to help pay your expenses while you focus on your health and recovery.
- Eligible new members have 120 days from the date joined Sunsuper to add Opt-In Income Protection cover without complicated forms and medical information.
- Members can also apply for Tailored Income Protection cover.
- Sunsuper continually reviews our insurance offering to ensure that it is meeting our collective members' needs. We take into account a number of factors, including the views/feedback of members, and regularly make updates which are valued by a significant portion of our member base and delivered cost effectively.
- In consideration of the provision of automatic Income Protection insurance, Sunsuper is mindful that the inclusion of automatic Income Protection within the default offering could result in members paying for insurance cover for which they may not receive full benefit value in the event of disability.

I'd like to see a simple method of seeing the % rate of return on each category of investment categories. Can we have on our main page when we log in to our account the % rate of return shown for each of the categories of investment types?

- Thank you for your feedback. We will pass it on to our Product and communications teams. We are certainly looking at ways to increase the transparency around the investments we make and how they perform.

I would love to receive information on the income component such as amount of dividend and market value increase.

- Thank you for your feedback.
- We have passed it on to our Product team.
- We are certainly looking at ways to increase the transparency around the investments we make and how they perform. In a pooled vehicle with 1.4 million members, assessing how much of a members return is capital and how much is income can be a challenge.

What happens when earning ob the investment is exceptional as a member whole benefit is passed to member or there are additional charges and taxes?

- The whole of the investment earnings less investment taxes and investment fees and costs is credited to members' accounts.
- As a profit-for-members fund, the Sunsuper fund does not take any of these earnings except for amounts required to pay the investment fees and costs.

In regard to the AGM I would like to clarify the following. In the Annual Statement for the Balance Pool portfolio returns were 20.6% p.a. however there was no explanation as to what contributed to the extraordinary returns this year. Also there was no information relating to the underlying investments. We would like transparency over the underlying investments and investment manager association? Also the indirect fee % for the balanced pool was increased 16 basis points stating it relates to underlying management fees. As the largest super fund in Australia you should have the bargaining power to drive down management fees and performance fees and perhaps to secure our interest by encouraging managers to introduce performance fees over and above prior year underperformance rather that scratching each other's back by offering them whatever the fees they ask and transferring it to us as means of cost of doing business. I am aware that the industry is consolidating and Sunsuper should drive that collective bargaining power to drive down fees for its members.

The fees and costs disclosed in our *Sunsuper for life guide* for each investment option include:

- An **Investment Base fee**. This is a forward-looking estimate of fees that we expect to pay our mangers for the forthcoming year. It also includes an internal management fee.
- An **Investment Performance-related fee**. To ensure alignment of interests, some of our investments have a lower base fee but we pay a performance fee if a manager beats a market-related hurdle over rolling time periods.
- The **Indirect cost Ratio (ICR).** The ICR is always backward looking and quoted as a single number in the PDS but is made up of some sub-components:
  - Base costs - Investment manager base costs paid directly out of investment vehicles (limited partnerships, funds, trusts, investment companies, etc).

- Performance costs - Investment manager performance costs paid (or accrued) directly out of investment vehicles when the investment manager has achieved pre-agreed investment performance hurdles.
- Operational costs - Operational and administrative costs incurred in running specific investment vehicles (administrator, legal, accounting, trustee, audit and tax fees, etc.)
- Transaction costs - Explicit costs associated with investment transaction activities (brokerage, trade commissions, stamp duty, due diligence costs, buy/sell spreads on managed funds, etc.)

The six-month period between 1 January and 30 June 2021 saw an increase in the ICRs for options with exposure to private market assets predominantly due to the strong performance of our private market assets (infrastructure, property, private capital and alternative strategies). The performance of these asset classes to 30 June 2021 was as follows:

- Infrastructure – 14.1% (3.50% for the 3 months to 30 June)
- Property – 15.3% (6.6% for the 3 months to 30 June)
- Private Capital – 39.4% (15.3% for the 3 months to 30 June)
- Alternative Strategies – 10.61% (2.58% for the 3 months to 30 June)

These asset classes form part of the building blocks for our diversified options. The strong performance of these asset classes and strong performance of listed market assets assisted in generating a net return of 20.7% for the year ended 30 June 2021 for the Balanced investment option.

We remain firm in our belief that our responsibility is to produce the best possible member outcomes for members through:

- The confidence of a stable well governed fund.
- Consistent defensible investment approach that produce appropriate fewer volatile returns.
- Well diversified portfolios with aligned interests for our managers with those of our members.

Why Sunsuper account keeping fee is more expensive that other super fund company?
How can Sunsuper better member fees?
How will you be keeping members cost charges low?

- As a profit-for-members fund this is something we spend a lot of time talking about and working towards.
- We do not pay profits to our shareholders, instead our constitution means we return profits from our operations back into the fund, to benefit our members.
- On investment fees, we have a strong focus on striving for value for our members. For example, over recent years our investment team have made a concerted effort to negotiate with managers, and fees now form part of our investment manager appointment process.
- Part of our growth strategy is to increase our size to deliver members the benefits of scale.

How much money does it cost to be with you? i.e. admin fees payable per year

- As a profit-for-members fund, we strive to keep our fees and costs low so we can pass on the savings to our members.
- Members pay a low administration fee of just $1.50 per week plus 0.10% p.a. for the first $800,000 of their account balance.

- Members also pay investment fees and costs which differs depending on the investment option they're invested in.

Will Sunsuper consider having a non-lapsing binding death nomination as an option for those who would prefer this?

- This is under active consideration.
- We have been doing a lot of work to understand how non-lapsing nominations would work logistically to ensure members' wishes and intent is followed within what is allowed under the law, and then whether this option would still be of value to members.
- We are nearly there, but it is a little too soon to comment on a timeframe just yet.

Are you looking to make it easier to do a spouse split? A digital solution given its 2021 (not 1990)

- Sunsuper is continually investing in its digital features and servicing offering to make things easier for our members.
- We use a combination of factors including member feedback and demand to inform where and when we invest in uplifting our digital platform.
- While our digital roadmap doesn't currently include an uplift to the contributions splitting process we have shared this feedback with our Member Experience team.

Why are some members allowed to have their switching unlimited and unblocked and others have there switching blocked, it seems to me that it is discriminatory!

- While we do not normally limit the number of changes you can make to your investment option(s), we monitor members' accounts for frequent changing activity from time to time, and reserve the right to limit the number of changes you can make.
- We do this to meet our fiduciary obligations including to limit the adverse effects on the fund and its members caused by frequent switches between investment options.
- Members who are deemed to be a frequent switcher are sent a communication (letter or email), and where a specific limit is met during the current calendar half year, their switching facility is deactivated for the remainder of the calendar half year, and a letter/email is sent to the member informing them of this restriction.

How safe are our savings from Government interference?

- Sunsuper is independent of government and as a profit-for-members super fund, our members are at the heart of everything we do. Our Board has equal representation from employee organisations, employer organisations, and independent directors. Sunsuper is a regulated fund under the Superannuation Industry (Supervision) Act 1993 (SIS) Act and has been a complying fund since its inception in 1987. Sunsuper was granted an RSE license by the Australian Prudential Regulatory Authority in 2005. As a regulated fund, Sunsuper takes compliance obligations seriously and has implemented a compliance framework and supporting measures and processes designed to ensure it meets its obligations.

What is Sunsuper's unique differentiator?

- There are a number of things that differentiate us from many of our competitors.
- With 1.4 million members and more than $94 billion in funds under management, Sunsuper is one of Australia's largest superannuation funds.

- Our scale, strong net cash flows, end-to-end service model, plus the ongoing investment we make in the business to drive greater efficiency gains, means we continue to be one of the market's lowest-cost providers, delivering ongoing value for our customers
- As a profit-for-members fund, we return our profits to our members as better services and competitive fees, so our members truly sit at the heart of everything we do.
- Sunsuper has outperformed the industry average over 1, 3, 5, 7 and 10 years, and exceeded the return objective set in our Product Disclosure Statement.
  (Source: SuperRatings Fund Crediting Rate Survey - SR50 Balanced (60-76) Index, October 2021. Past performance is not a reliable indicator of future performance. The Balanced investment option has identical investments to the Balanced Pool in the Lifecycle Investment Strategy.)

Any plans to expand the Dream Rewards program

- Our Dream Rewards Program is designed to help you enjoy experiences and receive discounts on everyday items, ensuring your retirement savings last longer.
- We are often partnering with different brands across Australia to give Sunsuper members access to deals and discounts.
- The length of each offer varies and the availability, terms and conditions for each reward are determined by the company making the offer.

Why doesn't Sunsuper have a program to refer a friend?
Does Sunsuper have a refer a friend program?

- We don't currently have this type of program but it may be a consideration in the future. A program of this type would need to ensure that Sunsuper members do not provide financial advice to the friend because current laws disallow provision of financial advice without having the authorisation under an Australian Financial Services Licence issued by ASIC.

Will you be providing bonus for exec team and staff?

- Whether or not we pay executives or team members bonuses depends on their performance outcomes, employment terms and the terms of our Remuneration Policy.
- We publish the detailed remuneration paid and payable to each Director and Executive Officer on our website.

What is the company approach to insuring minimal maintenance costs are frequently reviewed to insure fair deal to customer?

- As a profit-for-members fund, Sunsuper has a robust procurement process which ensures Sunsuper obtains the best value for its procurement in both cost and quality. This includes monitoring and evaluating performance in procurement and vendor management to ensure that the optimal procurement outcomes have been achieved with each supplier.
- Sunsuper has mandatory policies that outline what is expected within the procurement process, and as such regulatory and financial integrity non-compliance is minimised.
- Monitoring of compliance with Sunsuper policies with regards to procurement arrangements is done via periodic reviews, where documented evidence supporting the requirements under the policies is sighted.

Is there a booklet that can be recommended on how to protect ones financial and lifetime acquired assets from being stolen from you due to illicit schemes engineered by untrustworthy organisations or individuals?

The safety and security of our members' money and information is of critical importance to Sunsuper. Sunsuper has implemented a robust control framework to prevent and detect security and fraud threats on our fund and our members. You can find some Sunsuper specific advice here:
https://www.sunsuper.com.au/campaigns/protecting-your-super-against-fraud
Outside of the advice above and our internal security and fraud controls and measures, Sunsuper would highly recommend the following government resources to aid in education and understanding of these risks:
https://www.scamwatch.gov.au/
https://www.accc.gov.au/publications/the-little-black-book-of-scams