



NULIS Nominees (Australia) Limited ABN 80 008 515 633, AFSL 236465

Trustee of MLC Super Fund (Fund)

Responses to member questions not answered during the 2024 financial year Annual Members' Meeting.

Important Information: The responses to member questions may contain general advice that does not take into account your objectives, financial situation or needs. Before you act on any general advice, you should consider whether it is appropriate to your individual circumstances. Before making any investment decision, you should obtain and read the Fund's relevant product disclosure statement. You can obtain the latest copy at <https://www.mlc.com.au/pds> (MLC) or <https://www.plum.com.au/tools-and-resources/forms-and-publications> (PLUM), or by calling us on 132 652 (MLC) or 1300 55 7585 (Plum). Past performance is not an indicator of future performance.

1. Why has there been no CPI increases over the last 10 years?

The Consumer Price Index as calculated by the Australian Bureau of Statistics actually increased by 2.7% per annum in the ten years to 30 September 2024.

2. Are there changes in legislation around defined benefits?

A proposal is currently in Federal Parliament to increase the tax on earnings for super balances over \$3m from 15% to 30%. If this is progressed as proposed, it will impact members with a Defined Benefit account. There is no other superannuation tax law changes proposed at this time.

3. What changes if any do you think the government are considering in regard to Superannuation?

We monitor any new policy announcements and assess member impact. However, we cannot provide commentary on policy speculation.

4. Can I still deposit into super once I pass age 67?

Personal (after-tax) contributions can continue to be made between age 67 and 75. It is only when claiming a deduction on your income tax return that you must meet the work test of completing 40 hours of gainful employment over a 30 consecutive day period when aged between 67 and 75.

5. What is happening with the closed Property Securities Fund, its performance fluctuates but it seems to have performed very well since it became closed to new investors?

As part of the changes we made to investment options in May 2023, we closed the MLC Property Securities Fund and transferred members to the MLC Australian Property Index option. This option remains open to members today.

Over the last few years, the listed property market has been very volatile, driven by COVID lockdowns and rising interest rates. However, it bounced back strongly in 2024, with the Australian listed property market delivering a return of 17.6% for the year ending 31 December 2024.

This recent strong performance in the Australian listed property market has been driven by the expectation of interest rate cuts and strong performance from the industrial sector, led by the dominant index constituent, Goodman Group. Goodman Group has benefitted from the ongoing positive market sentiment towards artificial intelligence given its significant exposure to data centres which are expected to experience demand off the back of this market thematic. Broadly, real estate demand and supply fundamentals remain favourable for landlords. In most key segments tenant demand has remained positive and property occupancy high.

6. What impact is the class action having to fund management?

Both the 'Grandfathered Commissions' class action and the 'MySuper' class action relate to historical issues and do not have an impact on the way MLC funds are currently managed.

7. What is the difference between semi-retired and retired?

'Retired' means you are no longer working or earning an income from employment and semi-retired means you still work part-time or casually, but not in full-time employment.

From a superannuation perspective, a fully retired individual has met a condition of release, such as reaching their preservation age and permanently ceasing work, allowing them to access their superannuation without restrictions. In contrast, a semi-retired person is still working part-time or casually and may only access super through a Transition to Retirement (TTR) pension, which has limitations on withdrawals and potential tax implications if under 60 years old. Full access to super is typically only granted once full retirement is declared.

8. Does super affect the age pension?

Superannuation held in the accumulation phase is not counted under the income and assets tests for the age pension if you are under 67. However, once you turn 67, or if your super is in an account-based pension at any age, its balance is assessed under both tests. The rules apply equally to all super funds, including MLC Super Fund.

The age pension income test looks at your total income from all sources. For financial assets, including super in an account-based pension, the government applies deeming rules which assume a set rate of return rather than using actual earnings.

The assets test considers the value of everything you own, with some exemptions. A key exemption is your principal place of residence, which is not counted towards the test.

For information around your personal circumstances, please give us a call.

9. Is there an annual report of how the Super is performing?

We publish our MySuper returns quarterly on our websites and also send a newsletter email to members who have provided us with an email address and marketing permission. If you are not receiving this and would like to update your marketing permissions, please contact us.

If you'd like to view your exact returns, you can refer to your Annual Statement which you receive from us once a year, as well as by logging in and checking your account through MLC or Plum.com.au.

10. P/E ratios are extremely high compared to historical values. How can members protect their super balance in the event of a major stock market correction?

Depending on your life stage and investment goals, if you're wanting to minimise risk you may consider investing in a fund with a conservative investment objective, investing in a fund that has flexibility in its asset allocation allowing it to move between growth and defensive assets in different investment environments, consider protection features like Investment Protection within MasterKey Super Fundamentals or apportioning your super balance into different buckets based on different investment time horizons.

Please consider however that timing markets is notoriously difficult and making changes in the event of a major stock market correction may not always be beneficial over the long term. We recommend speaking to a financial adviser before making changes to your super.

11. What risk / hedge protection strategies does the MLC Aggressive superfund have in place noting that it is riskiest fund and is leveraged?

The MLC Aggressive investment option uses borrowing to increase exposure to growth-focused assets, like shares, which typically offer higher long-term capital growth. It has minimal exposure to more stable assets like cash and fixed income. The investment goal is to achieve returns above inflation +4.5% per year (after fees and tax) over ten years, with a recommended minimum investment period of seven years. The risk level is classified as "High", with an estimated 4 to 6 negative annual returns over a 20-year period.

Our investment experts actively adjust asset weightings to enhance returns or manage risk. While the option is heavily invested in listed share markets, it also allows allocation to fixed income and cash. To manage currency risk, our experts may choose to hedge (protect) against foreign exchange movements or leave investments unhedged.

Derivatives may be used to manage risk. More details on our Derivatives Policy can be found at mlc.com.au/derivativesforsuper.

12. Having super transferred overseas is quite complicated and restrictive. Is there any reason as to why?

Australia has an agreement with New Zealand for super to be transferred between the two countries. However, Australia does not have an agreement with any other country.

If an Australia citizen/resident or longer-term visa holder leaves Australia permanently, they are still subject to the same rules and cannot access their Australia super generally until they retire. This is a feature of superannuation in Australia, it's not something that is specific to MLC Super Fund or any of the other Super Funds at Insignia. Generally, superannuation money is restricted and preserved until you reach retirement age or satisfy any of the other specific trigger events. Also, if you are an overseas resident working temporarily in Australia, you may be eligible to be paid your superannuation money once you have left Australia through what is known as a Departing Australia Superannuation Payment (DASP).

Details for both Kiwisaver and DASP can be found on the ATO website.

13. Can I contribute to my partners super before tax?

You can transfer up to 85% of your before-tax (concessional) super contributions from your account to your partners account each financial year. This transfer usually happens the year after the contributions were made, unless the super account is being fully withdrawn—then it can be done in the same year. Check the ATO website for the full rules and eligibility details on contribution splitting.

14. Will we ever get the opportunity to invest in Term Deposits within Plum superannuation?

We don't have any plans currently to add term deposits to the Plum investment menu.

15. Will you venture into AI?

As a manager-of-managers, we have access to investment firms with complementary styles, philosophies, and approaches. It means that the portfolios we manage for our clients are not dependent on any single way of doing things for success. This helps to both mitigate risk, as well as to accumulate returns from multiple ways of doing things. The nature of investment management is that no single way of investing succeeds all the time and so combining them skilfully, as we do in multi-manager portfolios, increases the odds of delivering strong long-term returns.

The valuations of companies directly associated with AI have increased significantly. Some managers believe those companies' valuations will continue to increase, while other managers are finding opportunities in companies that can be described as 'AI-adjacent', that is, those providing products and services to AI-related companies.

This enables our portfolios to participate in the AI theme more broadly. From our perspective, it's not just the obvious 'picks and shovels' providers that are reaping the benefits of AI commercialisation. Many 'old economy' companies are increasing their productivity by adopting AI in both the development and delivery of their products.

Some examples of domestic companies bringing the benefits of AI into our investment portfolios have included Sonic Healthcare, Treasury Wine Estates, and Suncorp. These companies use AI in a variety of ways benefitting customers as well as shareholders. Our investment managers are consistently on the lookout across the value chain to identify companies which are improving their businesses in multiple ways, including by adopting AI.

Finally, our private market investments are also participating in the AI theme, as diverse companies, not listed on share markets, examine ways of incorporating the technology to drive business efficiency.

16. Why is the investment allocation to Australian BTR/Affordable Housing so low? As per Grattan Institute report on renting in retirement released this week, 66% of retirees or 75% of single women who rent in retirement fall into poverty. A 20-year-old new Plum member has a projected 60% chance of owning a home by retirement age, 40% of them will likely be renters. what is Plum doing with asset allocation to help partially hedge this future expense profile of its members?

MLC was invited to be a part of and is heavily involved with the Federal Government's Housing

Working Group. This working group includes a broad array of institutional investors including property fund managers, banks, the construction industry and both industry and non-industry funds.

These discussions are currently seeking input and views from all stakeholders about potential investment solutions. The discussion has also sought solutions to making a 'build to rent' sector in Australia economically viable (with various issues identified that is limiting the development of this potential sector). Currently, build to rent solutions do not fall within the performance test that all superannuation funds are subject to. This working group, which is chaired by the Federal Treasury, has been made aware this will need to change in order for superannuation funds to contribute meaningfully to the sector.

In terms of existing super fund commitments to the sector, we have made investments in a domestic real estate development fund managed by Metrics Credit Partners and provided a private lending arrangement for Kiwibuild in New Zealand.

17. Have there been any reportable breaches of members' information in past 12 months?

There have been no reportable breaches of member information in the last 12 months.

18. Please explain who NULIS is.

The Trustee of MLC Super Fund is NULIS Nominees (Australia) Pty Limited. The Board of NULIS Nominees (Australia) Pty Limited consists of a group of external non-executive directors. The Trustee has both statutory and fiduciary responsibility to manage MLC Super Fund in the best financial interests of its members. This involves overseeing the super fund's operations and compliance with relevant laws and regulations and making decisions prioritising the interests of our super fund members.

19. Is the Trustee considering divesting from Israeli or international companies that do business in the illegally Occupied Palestinian Territories now that: 1) the ICJ has ruled that the State of Israel is responsible for apartheid in the Occupied Palestinian Territories 2) the ICJ is investigating Israel for genocide and crimes against humanity 3) the ICC has issued arrest warrants for the Israeli Prime Minister and ex Defence Minister?

Our Responsible Investing Policy, including the potential application of negative screens (where investments are excluded on environmental, social and governance grounds), is reviewed on a regular basis. When determining whether to apply a negative screen, which would also involve redeeming investments (where an investor retrieves their investment) from an entity, we consider a range of factors. These include, but are not limited to, potential adverse tax implications for members and acting in the best financial interest of members of the fund.

20. What sort of govt policy changes are expected or predicted over the coming years?

A proposal is currently in parliament to increase the tax on earnings for super balances over \$3m from 15% to 30%. If this is progressed as proposed, it will impact members with a Defined Benefit account. There are no other superannuation tax law changes proposed at this time.

21. Will cyber security info be available on the Plum website instead of members having to obtain it from the MLC website?

We understand the importance of having our cyber security easily accessible for all members. While we currently provide this information on the MLC website, we are continuously reviewing all of our websites to improve our members' experience, and we have shared your suggestion with our cyber security team for their consideration.

22. For what roles in your Plum system does MFA apply?

Currently, the Plum secure website requires two-factor authentication when a member wants to update any of their personal contact details.

23. Having NAB as the owner gave a lot of us considerable comfort. NULIS and Insignia are an unknown quantity for many members. Would the panel care to comment?

Regardless of company ownership, the trustee, NULIS in this case, must act in the best financial interest of members.

24. How many hours a week do the trustees of the fund work? Is it part time or full time?

The Directors are not involved in the day to day running of the company and their workload will vary depending on the board and board committee meeting cycles or any other work required by their role. More information on how many board meetings the directors attend can be found in the fund information disclosures MLC MasterKey Super and Pension Fundamentals Investment Menu. (hyperlink to <https://www.mlc.com.au/content/dam/mlc/documents/governance/2024-12-mlc-super-fund-fund-information.pdf>)

25. The ASFA assumes that you own a home in its comfortable retirement. Do MLC and Plum believe home ownership by retirement is a fair assumption for younger (and not so young) members? If not, how are you adjusting the MLC and Plum strategy to best support those who may rent in retirement?

We understand that the demographics behind home ownership in Australia are evolving, and that younger generations may face different challenges when they approach their retirement. When planning for their retirement, it will be important that our members seek financial advice to prepare for that phase of their investment journey. Some members may be comfortable with a balanced investment approach that complements their home ownership, whilst others may need more income from their investments for rent and other living expenses.

MLC and Plum will continue to offer retirement products with a range of investment options available to help members and their advisers find the most suitable investment strategy for their circumstances.

26. Given the number of directors with previous roles in organisations where poor practices were later identified, what governance measures are currently in place at Plum Super to ensure these issues do not recur?

The uplift of our risk and governance capability continues to be an area of focus. Pleasingly, we announced the appointment of Danielle Press as Chair and Non-Executive Director of Insignia Financial's trustee boards late last calendar year. Ms Press joins the Insignia Trustees with more than 30 years' experience across the financial services industry, most recently as a Commissioner at ASIC between 2018 and 2023.