



## Annual Member Meeting

Monday, 29 November 2021, 11am

# Agenda

1. Welcome
2. CEO update and fund overview
3. Investments and market update
4. Q&A and final remarks

# Speakers

- Danny Casey (Chair of the Board)
- Scott Cameron (Chief Executive Officer)
- Justine Hickey (Chair of Investment Committee)
- Andrew Howard (Chief Investment Officer)

# Minutes

The Minutes comprise a summary of key aspects of presentations, questions and answers.

## 1. Welcome – Danny Casey

- Good morning, and welcome to Equip's second virtual Annual Member Meeting. My name is Danny Casey, and I am Chair of the Equip Board.
- Joining me today is our Chief Executive Officer, Scott Cameron, Justine Hickey the Chair of our Investment Committee along with Andrew Howard our new Chief Investment Officer.
- We also have our Board members tuning in and on behalf of my fellow board members and all the staff at Equip, I would like to thank everyone who has joined us today.
- I am pleased can confirm that we have a quorum of Directors, as well as our Auditor and Actuaries, and as such today's Annual Member Meeting is now officially open.
- I would particularly like to acknowledge the Traditional Owners of the land from which I am chairing this meeting today, the Gadigal people of the Eora Nation. I pay my respects to their Elders, past, present and emerging, and the First Nation Elders of other communities who may be joining us today and all-around Australia
- It's important I want to make sure you're aware that the information in this presentation is general in nature and is about the fund as a whole. It does not take into account personal circumstances such as your individual investment or financial objectives. If you would like individual financial advice, we have advisers who can assist you. We have included these numbers at the end of the presentation.
- This concludes the administrative side of things.
- The agenda for today is as follows: I will make some opening remarks on behalf of the Board, I will then ask Scott to present on behalf of the Executive team, followed by Justine who will cover our investment principles then Andrew will provide an update on the investment performance and outlook for the fund.
- We will then have some time to answer questions from you, our members. Just like our first Annual Member Meeting in March, we received a large number of questions prior to the meeting, demonstrating that our members are indeed engaged with the fund and we certainly welcome that.
- You can ask questions during the meeting by using the Question & Answer function within Zoom which is located at the bottom right of your screen. Please note that at this meeting we can only answer general questions about Equip – of course if you have any specific questions about your personal account or circumstances, then please call our team, the number will be listed at the end of the presentation.
- We may not have time to answer every question today, but please be assured that we will provide written responses to all questions, as well as minutes of this meeting in the coming days. These documents will be made available on the Equip website at [equipsuper.com.au/AMM](https://equipsuper.com.au/AMM) by the 17<sup>th</sup> of December 2021 - [equipsuper.com.au/AMM](https://equipsuper.com.au/AMM).
- Before we get into our agenda for today, I want to make particular note of the performance of our fund in light of the recent APRA Performance Test results which received a lot of media attention.

- As part of the Your Future Your Super reforms, APRA conducted their inaugural superannuation performance test. The annual test evaluated how the default MySuper products performed over the past seven years, adjusted for fees, relative to a benchmark calculated by APRA based on a fund's asset allocation.
- In September, APRA released the results of that test and pleasingly Equip passed the performance test, as did Catholic Super. There were 13 funds that failed the Test and we know there was some confusion as two other Catholic and Christian funds in the industry failed the test, but we want to reassure all our members that both our funds, Equip and Catholic Super, passed the Performance Test and are strong performing and healthy funds. Scott will go into more detail on how our fund stacks up against our peers in terms of our returns and fees later in the meeting.
- I'd like to introduce you to our current Board members, but first and foremost, it is incredibly appropriate to acknowledge the work, dedication and vision of my predecessor as Chair, Andrew Fairley. For 12 years, Andrew was a great advocate for members' interests, a proponent of skilled, professional, representative Boards and a leader who recognised the need for change, for growth and for partnerships.
- I also want to express my appreciation for Michael Clinch's contribution as he ends his successful five-year term as an Equip Board member and it is appropriate that I express my deep appreciation for the work of three long-serving Catholic Super Board members, Deb James, Peter Haysey and Carolyn Harkin, whose terms on our Board have just ended. I welcome incoming Board members Sharife Rahmani (Employer Director) and Mathew Cassin (Member Director).
- During the 2020-2021 financial year, we had a Board of 12 Directors. However, as of 1 July 2021, we have moved back to a Board of 9, who you can see on screen, which we believe is the optimal number for us in the future. We are likely to retain this number unless there is another significant joint venture or merger opportunity which may see us expand the Board again.
- The Board is proudly skills-based, with three employer representatives, three member representatives and three independent directors. As mandated, the Chair is a Board-appointed independent director. This mix allows flexibility to attract and select high-calibre people as a minimum, all standards required by legislation and gives us all the skills we need to serve you better.
- Now turning to our fund...
- Who are we? Equip has been helping Australians grow their super and plan for the future since 1931. From humble beginnings with the State Electricity Commission of Victoria we have grown to become a \$32 billion dollar fund today, operating across a multitude of sectors. Now a lot has changed since those early days, but our commitment to members' long term financial security has always defined us as a fund. It's the bedrock that enables us to face the new century with confidence and a sense of purpose. And because we're an industry super fund, all profits go back to our members. In other words, we're super fair and square. Which is why we have been rated a Platinum Plus fund for 15 consecutive years by SuperRatings.
- Our Vision is for excellence in super, delivered with care. Our Purpose is to support our members to prepare for financial freedom in retirement. Equip is here to help you reach your financial goals.
- Our guiding values have not changed. We put members first. We do what we say we will do. We collaborate and innovate. And we celebrate success.
- Even before joining the Board in 2019, I was aware of Equip's deep heritage as one of Australia's oldest super funds, and my respect for the great standing of this Fund has only grown and deepened since I have become closely involved. I am honoured to be here now

as Chair, helping support our people and members, as we steer through the many economic, regulatory and legislative changes of today. My focus is to deliver on our core purpose – maximising retirement benefits and outcomes for members.

- On 30 June 2021, the Fund undertook a successor fund transfer with the MyLifeMyMoney Superannuation Fund which was the technical culmination of the joint venture between the two funds. This SFT saw our funds under management combine, bringing our current funds under management to \$32 billion.
- Next year, you can expect Equip to do more of what we've always done well – excellent governance, striving for a strong investment performance, trustworthy financial advice and the best possible service for all our members.
- We are also pleased to continue our focus on environmental sustainability, as we commit to a clear road map to net zero carbon emissions in our portfolio by 2050.
- We'll continue to partner with our valued employers and will continue to improve how we work with them to better the financial future of their employees.
- Equip will always be defined by our commitment to members' long term financial freedom. We are pleased to have delivered another year of strong performance and dedicated service to you all and we look forward to doing so again, in the year ahead.
- Now, it gives me great pleasure to introduce to you Equip's Chief Executive Officer, Scott Cameron. Scott was appointed CEO in September 2019. Scott is an experienced CEO and CFO. He has worked across global corporates, in financial services and advisory environments with a track record of integrating and expanding highly complex environments. Please welcome Scott and thank you for sharing your insights with us today.

## 2. CEO update - Scott Cameron

- Thank you for that introduction, Danny and hello and welcome to everyone who has joined us at this year's Annual Member Meeting. This year did not deliver the longed for COVID normal that we had hoped for. We continued to experience reverberations both locally and internationally from the pandemic. I am pleased to say that as trustee we have continued to deliver support and returns to our members during this time.
- We have a strategy of growth with the goal to have 300,000 members and \$50 billion of funds under management by 2025. Growth enables our members to enjoy the benefits of scale, which includes optimising our fee position in an industry of increasing regulatory pressure and a desire to continuously improve our member services.
- Our proactive approach to growth continued as planned this year. On 1 May 2021, a successor fund transfer (SFT) saw Toyota Super's 5,000 members and nearly \$900 million in funds under management join Equip. We have also just finalised another SFT with BOC Super on the 1st of November, bringing 3,000 members with \$765 million in retirement savings to the fund.
- Despite the achievements of the past year, we're committed to doing more for all our members, delivering improved experiences and opportunities to engage with us and supporting you in optimising your retirement outcome. Actions such as salary sacrificing, consolidation and additional contributions are all activities we encourage members to consider to drive their retirement balance.
- As I look forward to next year and beyond, we will continue to be focused on unlocking more benefits from our joint venture with Catholic Super, increasing our capability and capacity for growth, and reaching out further to employers. Most importantly, we'll continue to commit to improvement, and the support and services we offer our members.
- We do also need to be mindful of the legislative environment. There are a number of recent changes that you may be aware of that we have been implementing. From 1 July this year, the Superannuation Guarantee (SG) increased from 9.5% to 10% and it will rise to 12% by 2025. This will lift living standards for retired Australians and positively impact the domestic economy. From November this year, new workforce entrants will be 'stapled' to their first superannuation fund and current workers 'stapled' to their existing fund. When someone moves to a new workplace, they'll no longer be arbitrarily signed up to the new employer's favoured fund, although they are still free to make a choice of fund at any time. We're pleased our members will find it simpler to stay with Equip as they progress through their careers.
- Before I talk to our performance, I'd like to welcome our new Chief Investment Officer, Andrew Howard. Andrew's strong leadership style and investment experience will add great value to our fund, as he builds on the excellent progress and platform the investments team have already achieved. You'll hear from Andrew a little bit later in today's meeting.
- With low fees and strong returns, you can be confident your Fund is performing over the long term, in fact, we stack up really well when compared to our peers. To illustrate that point, you can see on screen that over the 15 years to 30 June 2021, and after fees, Equip's Balanced Growth investment option returned \$430 more per year than the retail fund average and \$235 more per year than the all-fund average.
- Our fees are lower than the average super fund, AND lower than the average industry super fund. When I talk about fees I also like to talk about returns, because I know what's most important to members is how much money is in your account. What we call 'total

returns'. So, when our fees are lower than the average fund and our returns are higher, they both contribute to more money in your account.

- Along with ensuring our investment returns and fees are competitive, we're always working to make sure members enjoy great service, and get the right advice, including support and guidance, so they can retire comfortably.
- You, our members tell us you want regular, relevant and timely engagement and we have a range of channels that we use to interact with you in your everyday lives. Many members have logged in to their account online over the last 12 months, accessing information about their super, investments and insurance. Others have been kept informed through the phone, email, Facebook and LinkedIn.
- During the 2020–21 year 23% of calls we received to the Helpline participated in a survey at the end of the call, with the majority telling us they would recommend our fund to others. We achieved a Net Promoter Score of +66, as of June 30, 2021, which is incredibly high and reflects our commitment to delivering service excellence.
- With member and employee safety a top priority, all face-to-face retirement planning seminars were in COVID friendly environments. The Employer Engagement team continued to educate and inform our members, meeting with nearly 4,000 people in the past 12 months through both group presentations and private meetings.
- The same applied to Equip Financial Planning, our financial planning arm, which provides trusted personal financial product advice to Equip members. Over the past year some financial planning meetings were able to be held face-to-face, but with ongoing COVID-19 restrictions most were done online, either by phone or video.
- It is also important to note we paid out \$100 million to approximately 7,400 members as part of the COVID-19 Superannuation Early Release Scheme, and we were really pleased to have been able to assist our members at this very difficult time.
- In October last year, we rolled out Smart Cover, a comprehensively redesigned insurance offering to our 40,000 members holding Equip MyFuture super cover. Smart Cover is the default for 270 of our employers as well as our public offer product. With the redesign, the main goals were to align default cover with our guiding insurance principles – providing quality death and total and permanent disablement (TPD) cover that is flexible and affordable, while not unduly reducing retirement outcomes.
- Based on feedback from our members we built cover that automatically changes according to a member's life stage. The amount of death and TPD cover received at each life stage is based on research conducted with our members and in close consultation with industry experts on what a typical member may need.
- And while Equip MyFuture saw the biggest benefit design changes, we took the opportunity to review the cover we offer across all our plans. Notably, we introduced occupational ratings in one of our largest corporate plans, catering to 25,000 members. We're very happy to report that these changes have been very well received by members.
- Putting members' interests and needs first will continue to be our core principle as we grow and scale. And it's great to see the hard work in action. We are proud to have helped one of our members, Mick, achieve his dream of early retirement. Mick has been an Equip member for 36 years. At 58, Mick was ecstatic to be retiring at an early age. He tells us that a good pay cheque alone isn't enough when it comes to your financial future – it's crucial to monitor investment options and make super contributions when you can. Thanks to this knowledge, and with Equip's assistance in his retirement process, Mick has been able to travel with his wife, spend time with family and enjoy life without worrying about having enough money.

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- We're pleased to have a history of being acknowledged for our outstanding value within the super industry. This means greater value super for our members. Independent ratings agency SuperRatings has awarded Equip the highest platinum performance rating as a 'Best value for money' fund 15 years in a row.
- Finally, I would like to thank our staff who have been incredible over the past 2 years. For much of this time they have worked remotely but they have continued to work for you and your retirement.
- Now let's hear from Justine Hickey. Justine is one of our Independent Trustee Directors and is the Chair of the Investment Committee. Justine is a professional non-executive director with over 24 years' experience in investments, superannuation and corporate governance. Justine chairs the board of fund manager, DNR Capital.
- Needless to say, Justine brings an impressive level of strategic insight to the table. Welcome Justine to today's meeting.



### 3. Investment update – Justine Hickey

- Thanks, Scott and a warm welcome, to all our members tuning in today.
- At Equip, we believe in active management of members' dollars across a long-term investment horizon.
- The investment principles that guide the Investment Committee and Team are to deliver the best possible retirement income for our members, keeping fees and costs as low as possible. To focus on long-term goals, aiming for consistent outcomes through different market conditions. To make pro-active investment choices based on market conditions. To retain a team of high-calibre investment professionals. To access exceptional investments globally that would otherwise be unavailable for individual investors and to strike an appropriate balance between risk and return in members' long-term interest.
- Now I would like to focus on Responsible Investment. We believe that environmental, social and governance factors (or ESG) influence overall investment returns. So, by keeping these factors in mind when we invest our members' money it will increase the overall risk-adjusted returns for our portfolio thus maximising our members retirement income.
- Responsible investment is an important part of our long-term strategy. During the last financial year, we published our inaugural Climate Change Position Statement, Stewardship Statement and Responsible Investment Reports. We partner with ACSI (Australian Council of Superannuation Investors) to assist us with engagement, advocacy and voting advice. We are a member of the Investor Group on Climate Change. We are signatories to the tobacco-free pledge. We are a member of the Global Real Estate Sustainability Benchmark (GRESB) who assess the sustainability performance of our Property and Infrastructure assets. And we are a member of the Responsible Investment Association Australasia (RIAA).
- We actively promote strong ESG policies in our investee companies, our fund managers and the broader investment community. We engage with companies and policy makers, and actively exercise our voting rights at meetings in support of good governance and a sustainable economy.
- I would like to give you a few examples, as investors in some of the largest global social media companies, we have engaged directly with them in collaboration with other institutional investors, to try to drive reforms to establish appropriate company culture and practices.
- This type of engagement has achieved positive results with these companies adjusting their privacy settings for users, to be simpler and easier to understand and making it harder for third-party apps to access their user's personal information. This engagement has also led to a strengthening in controls within these companies on the dissemination of content inciting violence.
- Other examples of engagement are with one of the world's largest pharmaceutical companies encouraging the expansion of access to their medicines. And also with a major global consumer staples company which has committed to reducing plastic waste, including shifting a majority of its products to recyclable packaging.
- We also engaged with all our investment managers on Modern Slavery and we did this in 2020 and again in 2021. We are satisfied that all our managers are aware of, and committed to, implementing the requirements of Modern Slavery regulations.
- Now I would like to touch on climate change. The environment is one of the biggest challenges and requires urgent attention. We believe that climate change is a material foreseeable financial risk and yet also provides investment opportunities.
- In December 2020, we committed to achieving net zero emissions by 2050. We believe that an orderly transition to a low-carbon economy will provide the best outcome for our members and for broader society. But Net Zero is no small undertaking and we are

putting in place a road map to achieve this via a combination of advocacy and engagement to drive change; through reducing our exposure to high emitting industries and companies; and investing in industries where the future opportunities lie with the shift to a low carbon economy.

- Our current investments include offshore and onshore wind power and solar energy. We also invest in the grid solutions to improve energy efficiency and battery storage technology that make renewables more accessible. We are committed to keep doing more each year and will update you on our progress through our reports on our website.
- Now it's my pleasure to hand over to our Chief Investment Officer, Andrew Howard who started with the fund early this month. Andrew has over 25 years' experience in the investment industry and before joining Equip was the Deputy Chief Investment Officer at Hostplus. Prior to that Andrew was the Chief Investment Officer at VicSuper. In his earlier career he held roles at Mercer, Treasury Group and Frontier. So we are delighted to have Andrew join us today to take us through Equip's investment outlook. Over to you Andrew.

## Investment outlook – Andrew Howard

- Thank you, Justine for the warm welcome, and thank you to all of you who are attending today's AMM. I'm genuinely excited to be joining Equip at this pivotal time in the fund's history.
- Let's get into the returns the fund achieved in the last financial year and our investment outlook going forward. I'm pleased to report that we delivered strong returns for the 2020–2021 financial year.
- Our Equip Balanced Growth investment option returned +16.6% for the year which is an exceptionally strong result. We maintained our position as a top 10 best performing fund in the Balanced category over the long-term period of 10, 15 and 20 years.
- It's important to note here that these figures are AFTER investment fees and taxes. I know many of our members are interested in fees and absolutely fees are something we aim to minimise as much as possible. But the most important figure is the net return as it shows exactly how much your savings have gone up or down.
- If you have more queries specifically related to your investment choices, we offer a team of financial planners who are available to assist.
- So, let's take a look at what has been going on in markets. It is fair to say that it has been an extraordinary period in markets, but the important question is "where to from here?" In many ways it can feel like there has been a disconnect between what we have observed in equity markets, with the US market currently hovering around record highs, and the 'real economy' with the effects of the pandemic still being felt by many all around the world. We only need to look at the current events in Europe with many countries moving back into lockdown as case numbers spike and the 'fourth wave' takes hold.
- And of course, literally in the past few days we have learned of a new COVID variant, which has been named 'Omicron', which has led to countries across the globe introducing travel bans on a large number of African countries. It is a stark reminder that we are a long way from seeing the back of COVID and as news of the new variant broke late last week, it put investors on edge leading to sharp falls in equity markets around the world.
- However, overall equity markets have enjoyed a record run over the past 18 months, so what has been driving this? In response to the pandemic and the sharp downturn in economic growth last year, we have seen unprecedented actions by Central Banks such as the

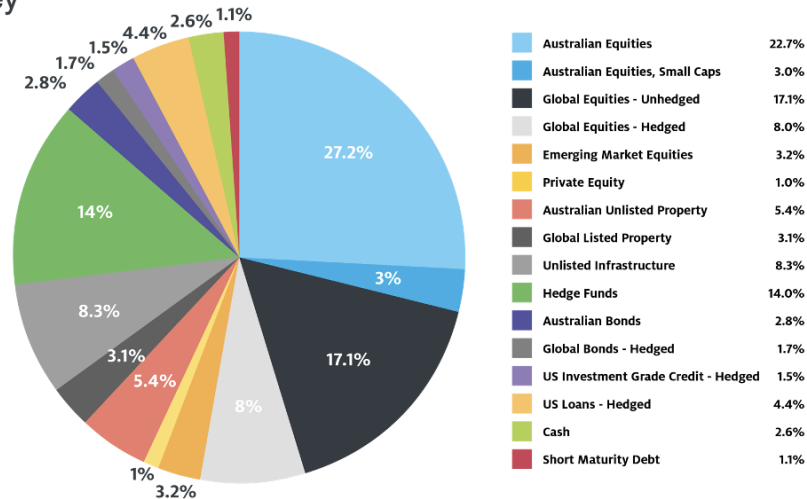
RBA here in Australia and the Fed in the US with official interest rates at record lows, and fiscal (government) stimulus pumping billions of dollars into the economy, in an attempt to kick start the economy and ward off a prolonged recession.

- Arguably these extraordinary stimulus measures have worked, today we are seeing a strong rebound in economic growth across the globe and unemployment rates moving back down to near pre-COVID levels. But of course, this does not come without its own new risks and the focus today is all around the inflation outlook and how central banks react to rising inflation. Recent inflation numbers released in the US show that inflation is rising at its fastest annual rate in more than 30 years as the index rose by 6.2% in the 12 months to the end of October.
- So all eyes turn to the US Federal Reserve and whether or not it will look to increase interest rates sooner rather than later. This is a key point for investors as record low interest rates have been one of the key drivers of the strong returns delivered from equity markets.
- A similar theme is playing out here in Australia with the RBA holding firm on its current view that it does not foresee the need to raise interest rates before 2024, but should inflation rise there is a degree of uncertainty in markets as to whether the RBA may need to bring forward its timeframe in raising rates.
- So the jury is out as to whether the recent sharp increases in inflation data is transitory or whether it points to a more prolonged period of higher inflation which arguably requires Central Banks to act sooner rather than later.
- With this uncertainty we are seeing an increase in volatility in equity markets over recent times, as mentioned earlier, the record low interest rate environment has been extremely positive for investors but if we see rate rises sooner than expected this would not be positive for equity markets.
- In addition, with news breaking on this new COVID strain, investors are on edge over the potential ramifications of this new variant as there is still a lot to learn on how infectious it is and how effective the current vaccines are in combating this new strain. So, what does this mean for our investment strategy?
- There is an element of increased uncertainty creeping into investor sentiment around the inflation outlook and the policy settings of Central Banks, with this uncertainty only heightened by breaking news around the new COVID Variant. It is critical in market environments such as this that we retain our disciplined long term investment approach and not react to the short-term noise in markets.
- Justine touched on our key investment principles earlier highlighting our focus on delivering the long-term investment goals for our members and providing consistent returns and in a market environment where we see the potential for increased volatility this principle is front of mind for us.
- One the key tools in the investment toolkit to effectively be able to do this is diversification. We are focused on ensuring that we build a portfolio that is diversified across a wide range of asset classes, not only by asset class but also within asset classes.
- The pie chart on the screen shows the asset allocation of the Equip MySuper Default Option, as you can see it invests across a wide range of asset classes, from listed equities, both here in Australia and overseas, across developed and emerging markets to unlisted asset classes, or 'real assets', such as property and infrastructure.

## Investment Review and Outlook

Diversification is key

Equip MySuper Option  
asset allocation as at  
30 September 2021



- Importantly, our highly diversified investment strategy means that we are not reliant on equity markets to solely generate returns. After the record run we have seen in equity markets, not only since the rebound over the past 18 months but over the longer-term dating back to the GFC, it would not be surprising to see equity markets pull back at some point. But if the last 18 months has taught us anything, trying to time markets can be a tricky game and as the saying goes 'it is time IN markets, not timING markets that counts'.
- So, while the outlook does look increasingly uncertain as investors grapple with the conundrum on whether inflation is here to stay and Central Banks burst the bubble of equity markets by increasing rates and the impact of the new COVID variant is still not known, the key message is to ensure that we do not react to short term noise and are prepared to take advantage of opportunities as they arise during periods of heightened volatility.
- Now I'll hand back to Danny for the Q&A. Thank you.

## 4. Q&A – Danny Casey

Thank you, Andrew, and thank you Justine and Scott for the updates you have provided. Before we jump into the Q&A I wanted to give a big thank you to our dedicated team who again continued to work tirelessly throughout the pandemic. Many of our employees continued to provide our members with the top-quality service and support they deserve, working from their own homes. Thank you for your resilience and you're unwavering support to our members. Finally, a very special thanks to our members on the frontline in the energy, resources, water, infrastructure, and manufacturing sectors. Once again you were at risk, working through the pandemic. We all appreciate your efforts. And now to the Q & A.

### **Question 1 from Tammy:**

**After the disappointing result with Christian super and the amalgamation, why should we still stay with Equip?**

### **Answered by Danny Casey:**

This is an important question to address. As I mentioned earlier it is very easy to have confusion when funds have similar names. Just to clarify it was Catholic Super who Equip undertook a joint venture with in 2019. I would also like to avoid any impression that Catholic Super failed APRA's performance test. There were 13 funds listed as underperformed in APRA's first performance test, including a fund with a similar name - Australian Catholic Superannuation & Retirement Fund as well as Christian Super, two unrelated funds that also support people working in Catholic and other Christian organisations and institutions. Neither of those funds has any connection to Equip or Catholic Super. Once again Catholic Super passed its performance test and is performing well. Helpful to clarify.

### **Question 2 from Mick:**

**What options are being developed for low-cost index funds and ESG funds?**

### **Answered by Justine Hickey:**

In general, our investment options have low fees, we believe keeping costs low is important however the most important thing of course is the return they receive after all fees, costs and taxes – the net return. So, we need to strike the right balance between fees and returns. We have also spent considerable time recently in enhancing our approach to ESG. Equip currently has an indexed SRI (Socially Responsible Investment) option and you can find details are on the website.

**Question 3 from Sirjit:**

**Where does Equip sit in the Government Superfund rankings?**

**Answered by Scott Cameron:**

In respect of the Your Future Your Super performance test, the Equip MySuper option passed which was very pleasing. We understand there will be further changes to APRA's disclosure of the results of this test going forward, but so far APRA has only awarded funds either a "pass" or "fail" rating, and to reiterate we passed this test.

The Government also released the YourSuper comparison tool through the Australian Tax Office (ATO) website this year, which compares MySuper investment option using either an individual's data through MyGov portal or by the user inputting their demographics into the tool. The funds can be compared using different measurements including net performance, fees and whether a fund passed or failed the APRA Performance Test. The tool ranks the funds depending on demographic responses, so Equip will be ranked differently for different demographic inputs including age and super balance for example meaning there is no one 'rank' for the fund. Hopefully that does answer your question.

**Question 4 from Emma:**

**How was Equip's investment strategy evolved during these unprecedented times?**

**Answered by Justine Hickey:**

Our investment process has developed and evolved over many years and many different market cycles. We should expect markets to be very volatile from time to time – like right now. As long-term investors these periods provide opportunities to buy assets that may otherwise be too expensive or just not available. Our focus remains on generating net returns to meet the CPI+ targets over the relevant timeframes for each investment option. During the initial phase of the COVID downturn in early 2020 we took the opportunity to increase our allocations to shares when the market fell heavily. We have also reduced our exposure to fixed income investments given very low yields and potential for capital losses.

**Question 5 from Chris:**

**Do you invest in cryptocurrency? Or plan to?**

**Answered by Andrew Howard:**

We do not invest in cryptocurrencies. This is an area of growing interest to some members however we do not consider it an appropriate investment of members money at this point in time. The technological architecture behind cryptocurrency, that is the blockchain or distributed ledger technology, is an exciting area. There could be meaningful applications of this technology in varying ways going forward. However, when investing we are very careful to understand the various risks and the return drivers of any investment. With cryptocurrency being a relatively new phenomenon, we find it difficult to get comfort with these factors. Also, understanding its attractiveness, or not, in terms of valuation is extremely difficult.

**Question 6 from Mary:**

**How will Equip work on reducing fees for members?**

**Answered by Scott Cameron:**

The Fund has been working really hard to manage its internal and external costs. We have seen efficiencies because the Fund has grown in size and scale, both in terms of its membership and also our Funds Under Management. The board and management are very conscious of ensuring we manage those costs effectively to reduce any pressure on fees and we are always looking for opportunities to pass fee reductions on to members. We will continue to be focused on costs and fees.

**Question 7 from Dino:**

**Uranium stocks have skyrocketed in recent months. What is Equip's exposure to this resource?**

**Answered by Justine Hickey:**

Equip employs active investment managers to help us identify the most attractive investment opportunities. Within our Australian equity portfolio, we have a number of managers that research the resources sector. Our dedicated small cap manager has some exposure to uranium however in the context of the overall portfolios this is relatively small.

**Question 8 from Stephen:**

**Are there any plans to have an investment option consisting of precious metals - gold, silver, copper, nickel, lithium etc?**

**Answered by Andrew Howard:**

We do not currently have plans to offer this type of investment option. We are always keen to understand the types of product offerings members are interested in and if there is a significant amount of member interest then we may consider it. So far, we have not found enough member interest for this type of option. However importantly our Australian shares option has a meaningful allocation to resource companies and the underlying commodity exposures you have listed. Another important here to mention is that as Trustee we have a responsibility to make sure any investment option, we make available takes into account the need for diversification, and a precious metals option may not offer enough diversification to protect members from the volatility of assets like these.

**Question 9 from Yufen:**

**Is it possible to get details of the investment pool - name of the company invested?**

**Answered by Andrew Howard:**

Our website has a list of top holdings in each sector located on the investments page of our website under our investment approach with a heading of Our top investments. You can also see information about the external managers we appoint, and our major holdings, in the Fund's annual report, which is also available on the website.



**Question 10 from Michael:  
Comparison with other funds?**

**Answered by Justine Hickey:**

I will respond to part of that then pass to Scott for some other dimension in comparison to other funds. From a performance perspective we have a long-term investment horizon, and we measure our performance over periods of five years plus, depending on the risk profile of each option. Our options generally stack up very well against competitor peers. To the end of September, our flagship Balanced Growth option has delivered an average of 9.67% p.a. over ten years compared to the industry average of 9.09% p.a. Scott, would you like to add some more information.

**Answered by Scott Cameron:**

Thank you, Justine. Michael, in addition to our investment performance, we also offer low fees. With low fees and strong returns, you can be confident Equip is performing over the long term, and that we stack up really well when compared to our peers. Our fees are lower than the average super fund, and also lower than the average industry super fund.

Along with ensuring our investment returns and fees are competitive, we're always working hard to make sure members enjoy great service, and get the right advice, including support and guidance, so they can retire comfortably.

As a \$32B fund, our size and scale is big enough to provide our members and employers with great products and services, but still small enough to care about our members and be able to support them really well to make sure they get the best retirement outcomes possible.

**Question 11 from Peter:**

**Please provide an update on the outlook for equity markets in the face of COVID recovery and the energy transition?**

**Answered by Andrew Howard:**

Very relevant and increasing topical with what we have seen unfolding at the moment and markets opening lower in light of the new COVID variant. Interest rates are currently very low, as growth rebounds from the lows experienced this year due to COVID we should expect inflation to rise and we touched on this during the presentation. Bond markets are now expecting a few rate hikes next year. However, interest rates will remain very low by historical standards. Rising interest rates will be a headwind for fixed income investments and providing growth outcomes remain mostly positive, should see a reasonably positive environment for shares and other riskier investments.

Higher than expected inflation could see volatility in share markets and we are seeing that a little bit at the moment. With regards to the energy transition, it is a great question and one that has seen a lot of press more recently on the back of the UN Climate Change Conference, which was known as 'COP26'. Recently the Fund adopted a target of net zero carbon emissions by 2050 and we are currently in the process of planning and implementing actions towards that goal. We have a number of investments in the renewables space including wind, solar and transmission assets. Importantly, we believe that we can still generate positive returns for members and navigate a path towards net zero by 2050. In fact, we have committed over \$800 million to renewable energy investments as well as investments that have a strong focus on climate change, with investments across both developed countries such as US and in Europe as well as in emerging economies across Asia. We have also invested in projects here in Australia such as our investment in a local Solar Fund.



**Question 12 from Christopher:**

**What is the percentage return over 5 years on a balanced pension fund?**

**Answered by Andrew Howard:**

To September 30 2021, Equip's Balanced Growth pension option delivered 9.52% p.a. over the last five years. The Balanced pension option which has a slightly lower allocation to growth assets option delivered 7.37% p.a. Further information on performance can always be viewed on the website.

**Question 13 from Felix:**

**What is the justification for a pro rata asset fee charge - does it cost more to maintain a \$100,000 compared to \$50,000?**

**Answered by Scott Cameron:**

It doesn't necessarily cost us more for a member to maintain a higher account balance, but our experience shows that members with higher account balances are more likely to interact with their superannuation fund and that does add to cost. Under legislation that came into effect in 2019, super funds must now also apply a cap on the total amount that they can charge members with low balances (3% p.a. for accounts below \$6,000). It is also important to remember that we also cap the levels of the asset-based administration fees that we charge at \$1,250 for Equip MySuper and Equip pension members, to provide a further level of member equity and ensure that our higher balance members are not charged fees that are unreasonable. Overall we will work really hard to reduce our administration fees.

**Question 14 from Elaine:**

**What is the investment strategy for the low risk, conservative option, in view of the very low to negative interest rates?**

**Answered by Andrew Howard:**

For some time, we have recognised the risk of capital loss on fixed income investments from a rise in interest rates from today's very low levels. This is particularly pertinent for options with high exposure to bonds, such as the Conservative option. We have sought "alternative" investments that can diversify interest rate risk but still provide protection from poor equity market returns. Also due to active management our fixed income investments are also less sensitive to rising interest rates than broad indices.

**Question 15 from Katarina:**

**Have you committed to gender targets? If not, why not?**

**Answered by Danny Casey:**

No, we have not committed to 'gender' targets as we believe see diversity is beyond assuring equality and equability of gender. In fact, at Equip we promote and embrace diversity of all kinds, at all levels of our organisation. We want all our employees to feel valued, appreciated, and free to be who they are at work. Our employee lifecycle processes are designed to prevent discrimination against our people regardless of gender identity or expression, sexual orientation, religion, ethnicity, age, neurodiversity, disability status, citizenship, or any other aspect which makes

them unique. Our current gender diversity is such that our current Board has 3 women and 6 men, and our executive team has 4 women and 5 men.

**Question 16 from Allen:**

**Given the looming rate increase and high inflation, what is the strategy for next year?**

**Answered by Andrew Howard:**

Interest rates are currently very low, as growth rebounds from the lows experienced this year due to COVID we should expect inflation to rise somewhat. Bond markets are now expecting a few rate hikes next year. However, interest rates will remain very low by historical standards. Rising interest rates will be a headwind for fixed income investments and providing growth outcomes remain mostly positive should see a reasonably positive environment for shares and other riskier investments. Higher than expected inflation could see volatility in share markets and as discussed, we are seeing this at the moment. Our strategy recognises these risks, and we have lower exposure to core government bonds than what we otherwise would. This is offset by exposures to Alternative assets that can provide diversification and additional sources of return.

**Question 17 from Peter:**

**Why are the investment choices so limited?**

**Answered by Andrew Howard:**

We need to strike the right balance between offering an appropriate number of choices for members and managing the costs associated. Generally, we find that most members use only a small number of options provided. We believe the options we provide to be high quality and diverse enough for most members to tailor their investments to their desired exposures. We believe diversification is very important and we have discussed this a little today, ensuring appropriate diversification can be more difficult for very specialised, stand-alone sectors. Our diversified options have exposures to thousands of underlying investments and many top performing investment managers.

**Question 18 from Norman:**

**I would like to know what is the % of Equip's Investment Exposure to all Derivative Markets?**

**Answered by Justine Hickey:**

Quite a topical question as we just looked at our derivative managements policy in our investments committee meeting. So we do have exposure to derivatives however this is a small proportion of the total portfolio. The main exposure to derivatives is via forward foreign exchange contracts where we hedge foreign currency exposures back to Australian dollars on overseas investments. To give you a sense, for our MySuper option, exposure to derivatives is around 8% of assets. Many of our investment managers also have the flexibility to use derivatives, but generally these allocations are quite small.

## Thank you for coming – Danny Casey

Thank you, Justine, and thank you everybody who submitted a question. As it is now nearly 12 o'clock, it is time for me to close the meeting. Before I do though, I just wanted to reiterate that we as a fund are here to help Australians grow their super, to plan for the future and have the best retirement possible.

As I mentioned earlier, our vision is for excellence in super, delivered with care while our purpose is to support our members to prepare for financial freedom in retirement. We aim to deliver strong long-term investment returns while keeping our fees as low as possible.

We look to deliver great member services and advice you can trust. We want to thank you for giving us the opportunity to look after your retirement savings both now, and in the future. It is a privilege and honour to serve you in this way.

As I mentioned earlier, the minutes of this meeting plus written responses to the questions answered today as well as any questions that we didn't have time for, will be provided in December on the Equip website and the address is up on screen, [equipsuper.com.au](https://equipsuper.com.au), that is [equipsuper.com.au](https://equipsuper.com.au).

Also, if you have any questions about today's meeting or about your super, then please call our Helpline team during business hours on 1800 682 626, that number one more time is 1800 682 626.

To all present, that concludes our second Annual Members Meeting. On behalf of the Equip board and management team, I again thank you for your time. It is a pleasure to serve such an engaged and loyal member base.

I hope you have a wonderful rest of your afternoon.

*Meeting concluded at 12pm Australian Eastern Daylight Time.*

## Questions and answers submitted before and during the meeting

Name of member	Original question	Answer
<b>Tammy</b>	After the disappointing result with Christian super and the amalgamation, why should we still stay with equip?	This is an important question to address. To clarify it was Catholic Super who Equip undertook a joint venture with in 2019. I would also like to avoid any impression that Catholic Super failed APRA's performance test. There were 13 funds listed as underperformed in APRA's first performance test, including Australian Catholic Superannuation & Retirement Fund and Christian Super, two unrelated funds that also support people working in Catholic and other Christian organisations and institutions. Neither of those funds has any connection to Equip or Catholic Super.
<b>Stephen</b>	Are there any plans to have an investment option consisting of precious metals (gold & Silver), copper, nickel, lithium etc.	<p>No, we do not currently have plans to offer this type of investment option. We are always keen to understand the types of product offerings members are interested in and if there is a significant amount of member interest then we may consider it. So far, we have not found enough member interest for this type of option. Our Australian shares option has a meaningful allocation to resource companies and the underlying commodity exposures you have listed.</p> <p>As Trustee we have a responsibility to make sure any investment option we make available takes into account the need for diversification, and a precious metals option may not offer enough diversification to protect members from the volatility of assets like these.</p>

Name of member	Original question	Answer
<b>Shahr Yar</b> <b>Chris</b> <b>Nitin</b> <b>Richard</b>	<p>Do you invest in Cryptocurrency?</p> <p>Do you invest in cryptocurrency? Or plan to?</p> <p>Have you invested in Crypto?</p> <p>What the option to invest in Crypto direct or via ETF's?.</p>	<p>No, we do not invest in cryptocurrencies. This is an area of growing interest to some members however we do not consider it an appropriate investment of members' money at this point in time. The technological architecture behind cryptocurrency, that is the blockchain or distributed ledger technology, is an exciting area. There could be meaningful applications of this technology in varying ways going forward. However, when investing we are very careful to understand the various risks and the nature of any investment. With cryptocurrency being a relatively new phenomenon, we find it difficult to get comfort with these factors. Also, understanding its attractiveness, or not, in terms of valuation is also difficult.</p>
<b>Allen</b>	<p>Given the looming rate increase and high inflation, what is the strategy for next year?</p>	<p>Interest rates are currently very low, as growth rebounds from the lows experienced this year due to COVID we should expect inflation to rise somewhat. Bond markets are now expecting a few rate hikes next year. However, interest rates will remain very low by historical standards. Rising interest rates will be a headwind for fixed income investments and providing growth outcomes remain mostly positive should see a reasonably positive environment for shares and other riskier investments. Higher than expected inflation could see volatility in share markets. Our strategy recognises these risks, and we have lower exposure to core government bonds than what we otherwise would. This is offset by exposures to Alternative assets that can provide diversification and additional sources of return.</p>

Name of member	Original question	Answer
<b>Katarina</b>	Have you committed to gender targets? If not, why not?	<p>HR: No we have not committed to 'gender' targets as we believe that diversity is beyond assuring equality and equability of gender. In fact at Equip we promote and embrace diversity of all kinds at all levels of the organisation. We want all our employees to feel valued, appreciated, and free to be who they are at work. Our employee lifecycle processes are designed to prevent discrimination against our people regardless of gender identity or expression, sexual orientation, religion, ethnicity, age, neurodiversity, disability status, citizenship, or any other aspect which makes them unique.</p> <p>Our current gender diversity is such that our current Board has 3 women and 6 men, and our executive team has 4 women and 5 men.</p>
<b>Nora</b>	How much or what percentage can I withdraw when I reach the retirement age?	<p>At age 65 and above – all funds are available for withdrawal. If you're preservation age and retired - all funds are also available for withdrawal. If you're preservation age and still working – you may be able to access up to 10% per financial year under a Transition to Retirement arrangement. If you choose to receive some or all of your super as a pension when you retire there is a minimum annual percentage you must take, and the percentage depends on your age.</p> <p>We have a Financial Planning Team who are available to assist Members with their Retirement Planning needs. Our Financial Planning Team provides advice on a fee for service basis which will be explained to you at your 1st appointment. There is no additional charge for your first Financial Planning appointment. You can learn more about financial advice or make an appointment by calling 1800 065 753.</p>

Name of member	Original question	Answer
<b>Emma</b>	How was Equip's investment strategy evolved during these unprecedented times?	<p>Our investment process has developed over many years and many different market cycles. We should expect markets to be very volatile from time to time. As long-term investors these periods provide opportunities to buy assets that may otherwise be too expensive or otherwise not available. Our focus remains on generating returns to meet the CPI+ targets over the relevant timeframes for each investment option.</p> <p>During the initial phase of the COVID downturn in early 2020 we took the opportunity to increase our allocations to shares when the market fell heavily as they were trading at cheaper levels. We have also reduced our exposure to fixed income investments given very low yields and potential for capital loss.</p>
<b>Mary</b>	How will Equip work on reducing fees for members?	<p>The Fund has been working hard to manage its internal and external costs. We have seen efficiencies which have resulted because the Fund has grown in size, both in terms of its membership and Funds Under Management.</p> <p>The board and management are very conscious of ensuring we manage our costs effectively to reduce any pressure on fees. Further, we are always looking for opportunities to pass fee reductions on to members.</p>

Name of member	Original question	Answer
<b>Norman</b>	I would like to know what is the % of EQUIP'S Investment Exposure to all Derivative Markets? Our Banks have \$40Trillion invested	Equip does have exposure to derivatives however this is a small proportion of the total portfolio. The main exposure to derivatives is via forward foreign exchange contracts where we hedge foreign currency exposures back to Australian dollars on overseas investments. In this instance, for our MySuper option, exposure to derivatives is around 8% of assets. Many of our investment managers also have the flexibility to use derivatives, however generally these allocations are quite small.
<b>Yufen</b>	is it possible to get details of investment pool - name of the company invested?	Our website has a list of top holdings in each sector, <a href="https://www.equipsuper.com.au/investments/our-investment-approach/our-top-investments">https://www.equipsuper.com.au/investments/our-investment-approach/our-top-investments</a> . There are also details on fund managers and major holdings within the annual report, which is also available on the website: <a href="#">Annual Report 2021</a>



Name of member	Original question	Answer
<b>Peter</b>	Please provide an update on the outlook for equity markets in the face of Covid recovery and the energy transition.	Interest rates are currently very low, as growth rebounds from the lows experienced this year due to COVID we should expect inflation to rise somewhat. Bond markets are now expecting a few rate hikes next year. However, interest rates will remain very low by historical standards. Rising interest rates will be a headwind for fixed income investments and providing growth outcomes remain mostly positive, should see a reasonably positive environment for shares and other riskier investments. Higher than expected inflation could see volatility in share markets. Recently the Fund adopted a target of net zero carbon emissions by 2050 and we are currently in the process of planning and implementing actions towards that goal. This may involve the setting of interim targets.
<b>Vikas</b>	should I really do research on super funds after being prompted by any super fund advertisement?	We encourage members to compare different superannuation funds to make sure you're with a fund that meets your needs, offers low fees, can deliver strong long-term investment returns and helps you grow your super.
<b>Barry</b>	The majority of emails and surveys I receive pertain to those still working not those that are already retired, why?	We always aim to provide information and updates that are helpful to our members. Thank you for your feedback and we'll continue to review and improve the information we share with you and our other members to ensure it's meeting your needs.

Name of member	Original question	Answer
<b>Thomas</b>	Transition to retirement advice for defined benefit members.	A transition to retirement strategy must be designed and implemented with care to ensure it fits your need and circumstances and for a defined benefit member there are extra factors to take into account. Whether a transition to retirement strategy is appropriate for a defined benefit member depends on several factors, including the design of your defined benefit, whether or not you have an additional accumulation account, and your current and future income needs. We have a Financial Planning Team who are available assist Members with your Retirement Planning needs. Our Financial Planning provide advice on a fee for service basis which will be explained to you at your 1st appointment. There is no additional charge for your first Financial Planning appointment. To make an appointment, please call 1800 065 753. Monday to Friday 9 am - 5 pm (AEST).
<b>Dino</b>	Uranium stocks have skyrocketed in recent months. What is Equip's exposure to this resource?	Equip employs active managers to determine the most attractive investment opportunities. Within our Australian equity portfolio, we have a number of managers looking at the resources sector. Our dedicated small cap manager has some exposure however this would likely be small in the context of any one investment option.

Name of member	Original question	Answer
<b>Paul</b>	What are the options for super once retired and what is the maximum super amount for a couple to be able to get part pension	On retirement, a member can retain their super in their accumulation account, use their super to start an account-based pension, withdraw their super or take a combination of those actions. The answer to the question of which of these options is best for you depends on several factors. We have a Financial Planning Team who are available assist Members with your Retirement Planning needs. Our Financial Planning provide advice on a fee for service basis which will be explained to you at your 1st appointment. There is no additional charge for your first Financial Planning appointment. To make an appointment, please call 1800 065 753. Monday to Friday 9 am - 5 pm (AEST).
<b>Mick</b>	What options are being developed for low cost index funds and ESG funds?	In general, our investment options have low fees, we believe keeping costs low is important however the most important factor for members is the return they receive after all fees, costs and taxes. So we need to strike the right balance between fees and returns. We have also spent considerable time recently in enhancing our approach to ESG. Equip currently has an indexed SRI (Socially Responsible Investment) option, details are on the website: <a href="https://www.equipsuper.com.au/investments/our-investment-approach/equip-responsible-investment">https://www.equipsuper.com.au/investments/our-investment-approach/equip-responsible-investment</a>
<b>Satish</b>	What's the performance of the fund over the last 5 years- % growth and \$ value.	To September 30 2021, Equip's MySuper option delivered an average of 8.3% p.a. over the last five years. Further information on performance can be viewed on the website.

Name of member	Original question	Answer
<b>Rogel</b>	Where can members find information regarding "holdings in each asset class"?	Our website has a list of top holdings in each sector, <a href="https://www.equipsuper.com.au/investments/our-investment-approach/our-top-investments">https://www.equipsuper.com.au/investments/our-investment-approach/our-top-investments</a> . There are also details on fund managers and major holdings within the annual report: <a href="https://www.equipsuper.com.au/annualreport2020-21">https://www.equipsuper.com.au/annualreport2020-21</a>
<b>Sirjit</b>	Where does Equip sit in the Government Superfund rankings?	<p>In respect of the Your Future Your Super performance test, the Equip MySuper option passed. We understand there will be further changes to APRA's disclosure of the results of this test going forward, but so far APRA has only awarded funds either a "pass" or "fail" rating, and to reiterate we passed this test</p> <p>The Government also released the YourSuper comparison tool through the Australian Tax Office (ATO) this year, which compares MySuper investment option using either an individual's data through MyGov or by the user inputting their demographics into the tool. The funds can be compared using different measurements including net performance, fees and whether a fund passed or failed the APRA Performance Test. The tool ranks the funds depending on demographic responses, so Equip will be ranked differently for different demographic inputs including age and super balance for example meaning there is no one 'rank' for the fund.</p>

Name of member	Original question	Answer
<b>Peter</b>	Why are the investment choices so limited ???	We need to strike the right balance between offering an appropriate number of choices for members and managing the costs associated with maintaining those options. Generally, we find that most members use only a small number of options provided. We believe the options we provide to be high quality and diverse enough for most members to tailor their investments to their desired exposures. We believe diversification is very important and ensuring appropriate diversification can be more difficult for very specialised, stand-alone sectors. Our diversified options have exposures to thousands of underlying investments and many top performing investment managers. .
<b>Mark</b>	Why does equip app only work in vertical Not landscape on Apply iPad Air?	The Equip app has not been set up for iPad. It is only set up for a phone and iPod, so it will work on iPad but will stay in Vertical mode.
<b>Donald</b>	Why isn't disclosure of executive pay and board fees in the annual report?	Members can access information about the remuneration of Equip's directors and executives for the 2020 and 2021 financial years on our website at <a href="http://equisuper.com.au">equisuper.com.au</a> . We have provided information about the Fund's leadership team's remuneration on the Fund website for the past few years, in line with ASIC's requirements. The Corporations Law sets out a long list of information that must be disclosed in the fund annual report, but the remuneration of directors and executives is not among the required content. Our disclosure of remuneration details on the Fund website is consistent with Equip's aim to be as transparent as possible about all aspects of our operations.

Name of member	Original question	Answer
<b>Michael</b>	What does the future hold for superannuation post COVID?	<p>Covid has tested super funds' risk management frameworks and the manner in which we implemented new ways of working is an example of those frameworks holding up. Even so, we continually review our risk management framework to ensure it is still suitable for similar adverse events in future. Interest rates are currently very low, as growth rebounds from the lows experienced this year due to COVID we should expect inflation to rise somewhat. Bond markets are now expecting a few rate hikes next year. However, interest rates will remain very low by historical standards. Rising interest rates will be a headwind for fixed income investments and providing growth outcomes remain mostly positive, should see a reasonably positive environment for shares and other riskier investments. We do also need to be mindful of the legislative environment. From 1 July, the Superannuation Guarantee (SG) increased from 9.5% to 10%. It will rise to 12% by 2025. This will lift living standards for retired Australians and positively impact the domestic economy. A combination of Covid volatility and APRA's release of its first performance test has exacerbated the pressure on underperforming funds to either merge with more viable funds or exit the industry. At Equip next year and beyond – in a new 'COVID-normal', we will continue to be focused on unlocking more benefits from our joint venture with Catholic Super, increasing our capability and capacity for growth, and reaching out further to employers. Growth enables our members to enjoy the benefits of scale, which includes optimising our fee position in an industry of increasing regulatory pressure and a desire to continuously improve member services.</p>

Name of member	Original question	Answer
<b>Elaine</b>	What is the investment strategy for the low risk, conservative option, in view of the very low to negative interest rates?	For some time, we have recognised the risk of capital loss on fixed income investments from a rise in interest rates from today's very low levels. This is particularly pertinent for options with high exposure to bonds, such as the Conservative option. We have sought "alternative" investments that can diversify interest rate risk but still provide protection from poor equity market returns. Due to active management our fixed income investments are also less sensitive to rising interest rates than broad indices.
<b>Christopher</b>	what is the percentage return over 5 years on a balanced pension fund	To September 30 2021, Equip's Balanced Growth pension option delivered 9.52% p.a. over the last five years. The Balanced pension which has a lower allocation to growth assets option delivered 7.37% p.a. Further information on performance can be viewed on the website: <a href="https://www.equipsuper.com.au/investments/our-investment-performance/investment-returns">https://www.equipsuper.com.au/investments/our-investment-performance/investment-returns</a>
<b>Graeme</b>	What % of members live outside Australia?	As at 31st October 2021, 1388 (1.9%) Equip members live outside Australia.

Name of member	Original question	Answer
<b>Michael</b>	Comparison with other funds	<p>Given our long-term investment horizon we measure our performance over periods of five years and longer, depending on the risk profile of each option. Our options generally stack up very well against competitor peers. To September 30, our flagship Balanced Growth option has delivered an average of 9.67% p.a. over ten years compared to the industry average of 9.09% p.a.</p> <p>In addition to our investment performance, we also offer low fees. With low fees and strong returns, you can be confident Equip is performing over the long term, and that we stack up really well when compared to our peers. Our fees are lower than the average super fund, AND lower than the average industry super fund. Along with ensuring our investment returns and fees are competitive, we're always working to make sure members enjoy great service, and get the right advice, including support and guidance, so they can retire comfortably.</p> <p>And finally, as a \$32B fund, our size and scale is big enough to provide our members and employers with great products and services, but still small enough to care about our members and be able to support them really well to make sure they get the best retirement outcome possible.</p>



Name of member	Original question	Answer
<b>Lip Sieng</b>	Can I withdraw lump sum for holidays? How do process work for withdrawal? Fee and cost involved in 1 withdrawal. Q.2 best invest	<p>Depending on your age and whether or not you're still working you may be able to access your super to pay for holidays.</p> <p>You can withdraw your super:</p> <ul style="list-style-type: none"> <li>• when you turn 65 (even if you haven't retired)</li> <li>• when you reach preservation age and retire,</li> <li>• when you leave an employer after turning 60,</li> <li>• under the transition to retirement rules, while continuing to work (if you have reached preservation age).</li> </ul> <p>If you don't meet one of the conditions of release you cannot withdraw a lump sum to pay for a holiday.</p> <p>There are very limited circumstances where you can access some or all of your super early. These circumstances are mainly related to specific medical conditions, severe financial hardship, or the First home super saver scheme. There is no fee to make a withdrawal.</p> <p>The super system is designed to help you build your account balance over time so that you have something to live on in your retirement. It's important to remember that super is a long-term investment and we're here to help you reach your retirement goals.</p> <p>Members who wish to claim early release from their super are encouraged to contact us on 1800 682 626 to discuss their specific circumstances.</p>
<b>Margaret</b>	I would like to be able to see graphs of my account performance, monthly or even quarterly. This was available when we were Rio	Currently this functionality doesn't exist. We will raise this as an improvement suggestion with our Digital Team to consider for future enhancement.

Name of member	Original question	Answer
<b>John</b>	What SRI and sustainable energy efficient stocks are you investing in?	Equip has an SRI investment option which is an index-based investment option investing into Australian equities that tilts towards companies that exhibit superior sustainability characteristics. Within our Australian and global equity portfolios we employ active funds managers to invest member funds on our behalf. Each manager has their own style and process however one of the key components we look for when appointing a manager is their approach to climate change management and ESG matters more broadly. The board has recently adopted a target of net zero carbon emissions by 2050 and we are currently working through our process to meet this target.
<b>Felix</b>	What is the justification for a pro rata asset fee charge - does it cost more to maintain a \$100000 compared to \$50000?	<p>While it doesn't necessarily cost us more for a member to maintain a higher account balance, experience shows that members with higher account balances are more likely to interact with their superannuation fund. We cap the levels of the asset-based administration fees that we charge at \$1,250 for Equip MySuper and Equip pension members, to provide a further level of member equity and ensure that our higher balance members are not charged fees that are unreasonable.</p> <p>Under legislation that came into effect in 2019, superannuation funds must now also apply a cap on the total amount that they can charge members with low balances (a total of 3% p.a. for accounts below \$6,000).</p> <p>We will continue to work really hard to find ways to reduce our administration fees as soon as we can.</p>

Name of member	Original question	Answer
<b>Karin</b>	How do fees and charges compare with other industry funds? 2. Why are parts of the website so out of date?	1. In general, our fees and costs are very competitive against other not for profit competitors and especially against all superannuation funds, including the retail sector. However, this depends on your account balance and the investment options in which you invest. 2. We work hard to make sure the information is current and ensure updates are made whenever there are legislative and regulatory changes such as increases in the Superannuation Guarantee contribution rate or the contribution caps.
<b>Rania</b>	How do your fees compare to your competitors	In general, our fees and costs are very competitive against other not for profit competitors and especially against all superannuation funds, including the retail sector. However, this depends on your account balance and the investment options in which you invest.
<b>Neil</b>	There is media scrutiny at the moment on directors' duties and who should ultimately pay for any breaches by directors. What is Equip's position: the directors (or more correctly their insurers) or members?	This is a question that most profit-to-member funds, including Equip, are dealing with, in the light of recent legislative changes. Equip is still developing its position and will ensure that our approach is acceptable to the regulator, APRA, and is consistent with the legislative requirements in this area.
<b>John</b>	What % of overall member investments are CURRENTLY in fossil fuel energy compared to the % of renewable energy? And what are those projected percentages in 2 years' time?	As at 30 September 2021, within the infrastructure portfolio the Fund holds \$390m of investments in the renewable sector and \$233m related to fossil fuels. The Fund has made a commitment to net zero carbon emissions by 2050 and we are currently working through our plans in order to achieve that goal.

Name of member	Original question	Answer
Ian	Many other funds are moving to improve investment options. I understand the limitations of these, but have you considered adding options for asset classes that the fund already invests in? i.e. I would be very interested in adding "alternate growth" to increase my exposure beyond what is available in the "high growth" option.	We are always keen to understand the types of product offerings members are interested in and if there is a significant amount of member interest then we may consider it. So far, we have not found enough member interest for this type of option. Also, there are considerable costs involved in establishing new options. As Trustee we have a responsibility to make sure any investment option, we make available takes into account the need for diversification and liquidity. A pure Alternative Growth style option may not deliver on these considerations.
Carlo	Australian super and other funds returned near 21percent this year, what was equips super return and please explain reasons why it achieved same high or lower returns	Equip's default MySuper option delivered 16.8% for the year to 30 June 2021. This is a solid outcome but a little lower than the fund you've mentioned. However, we would note that returns across funds are not always directly comparable as the level of risk taken to earn the returns can vary quite a bit. We'd also note that shorter term periods can be volatile and focusing on longer term outcomes is more appropriate for superannuation members.
Doug	Are the long-term investment goals of the Fund likely to be negatively impacted by the APRA Performance Test requirements?	As you have noted, we are always focused on longer term outcomes. That leads to the best outcomes for members. But we also need to be mindful of the regulatory environment that we exist in. APRA's requirements with respect to the Performance Test require careful attention however we will not be changing our investment process or approach because of it. We believe a patient, long term approach is in the best financial interests of our members. We can also say that Equip has passed the Performance Test.

Name of member	Original question	Answer
<b>Paul</b>	How are unlisted assets valued? Is it done yearly? Are external valuers engaged?	Equip values unlisted assets in accordance with our policies and procedures. Unlisted assets are valued at least annually, and in many cases on a quarterly or semi-annual basis. Valuations are conducted by external, independent, professional valuation companies and done on an arms length basis. During periods of extreme market volatility, such as what we saw during February and March 2020, we can also conduct additional valuations. We do this to ensure fairness for all members.
<b>PADMAKUMARA</b>	What are the key drivers of rising inflation? Is it demand driven or cost push (wages, import tariffs, significantly higher shipping costs affecting global trade)? What is the outlook for Australia in this regard?	Inflation is rising in many countries around the world, including Australia. This is due to a number of factors related to the COVID pandemic. With lockdowns, supply shortages are evident across many industries which is putting upward pressure on prices. Prices in many commodity markets have also been strong which is flowing through to higher prices. Demand has also been quite resilient, this has been due in part to the very large stimulus programs conducted by central banks and other fiscal support measures. Whilst some of these pressures should abate as economies gradually reopen there is likely to be some ongoing areas of price pressure; for instance, wages and rents.
<b>Kamlesh</b>	How does your directors' fees compare to other funds?	Our directors' fees are set at a level to attract and retain capable and qualified directors to oversee the Fund. We believe these fees are comparable with those paid by other funds and we conduct benchmarking exercise from time to time to ensure that the fees paid to our directors remain appropriate.

Name of member	Original question	Answer
<b>PADMAKUMARA</b>	What is your view regarding RBA direction in the near-term regarding winding back QE and raising interest rates?	Interest rates in Australia are very low and will likely remain very low by historical standards for some time to come. The RBA has indicated that interest rates will not rise until 2024, however there are growing doubts in the market on these claims. For some time Equip has been concerned about the potential for capital loss in bond markets should inflation and interest rates rise. We have witnessed some volatility in markets recently because of this. Over the last few years we have been reducing our holdings to core bonds and looking for alternative sources of returns which are less sensitive to the direction of interest rates.
<b>John</b>	I was surprised to see the weighting to 'Hedge Funds' in the MySuper option. Could you please give some examples of these investments?	Hedge funds is a term used in the market to describe many different strategies or approaches. Our major holding in this asset class is within the fixed income market. The investments are best described as "relative value" where we have a number of investment managers. They utilise various strategies including, for instance, buying and selling different bonds of differing maturities such that the return is less reliant on the direction of interest rates and more determined by pricing differential between these bonds. These investments are very low risk and should not be confused with other higher risk hedge fund strategies. This type of approach is desirable as the potential for capital loss in traditional bonds is higher now given starting yields are very low and inflation is rising. There are significant diversification benefits of these types of strategies too.

Name of member	Original question	Answer
<b>Rogel</b>	Are there any other Super Funds that is going to join Equip Super in the future (next 2 years)?	We have a strategy of growth with the goal to have 300,000 members and \$50 billion of funds under management by 2025. Growth enables our members to enjoy the benefits of scale, which includes optimising our fee position for members. To be able to meet our regulatory requirements and continuously improve our products and services for our members, it's important we have the scale to allow that growth and development. The Fund is still on the lookout for further merger opportunities, but we'll only pursue them if they're in the interests of our existing members.
<b>Neil</b>	How are the various defined benefit fund "pools" of member benefits performing? Are there any "pools" in a underfunded situation?	Due to strong investment returns and the way we manage the funding of our DB plans, using a comprehensive policy that we and our actuaries apply, each of our DB plans are well funded. None of them are in an underfunded position, but even if one were to drop into such a position, we try to mitigate risks by checking funding regularly, updating contribution rates accordingly and establishing restoration plans, where necessary.
<b>Margaret</b>	I would like to view a graphical representation of my own account balance at least quarterly if not monthly. Rather than just looking at the dashboard balance periodically	Currently this functionality doesn't exist. We will raise this as an improvement suggestion with our Digital Team to consider for future enhancement.

Name of member	Original question	Answer
<b>Ann</b>	<p>In October 2021, APRA Executive Board Member. Margaret Cole, gave a speech to the Financial Service Council - “Coming together: overcoming super’s sustainability challenge”. In this speech she noted that "APRA doesn’t have a rigid view of what size a fund needs to be to compete with the emerging cohort of so-called 'mega-funds', but we broadly agree with industry sentiment that any fund with less than \$30 billion may struggle ..... to stay competitive into the future.”</p>	<p>With the merger of Equip and CSF the funds under management of the combined entity is now around \$32b. We agree with the sentiment you, and APRA, have expressed. A larger fund, in both number of members and assets under management, will have better scale to deliver services and good investment performance at lower fees. The board has a strategy to continue to grow via inorganic opportunities. Currently we have a target of \$50b in assets under management by 2025 and are well on our way to meeting that.</p> <p>As always, our focus must remain on delivering great outcomes for our members, growing helps us achieve that.</p>



Name of member	Original question	Answer
Ann	<p>I have investments in Accumulation and Pension products - Growth, Balanced Growth and MySuper options. It appears that over the years since 2018, the one year returns have been declining slowly to now be less than the relevant Benchmark/Survey returns. The performance in 2019/2020 was excellent, being positive, compared to negative Benchmark returns. However, current investment returns have again dipped. For example:</p> <p>Accumulation fund, Growth / Balanced Growth / MySuper options</p> <p>1 year performance (Growth) to 30/6/18 was 10.70% compared to Survey 8.76% Equip performance more than 1% above Survey</p> <p>1 year performance (Balanced Growth) to 30/6/19 was 6.07%, MySuper was 5.97% compared to Benchmark 6.93% Performance below Benchmark</p> <p>1 year performance (Balanced Growth) to 30/6/21 was 16.60%, MySuper was 16.80% compared to Benchmark 17.60% Performance below Benchmark</p> <p>1 year performance (Balanced Growth) to 30/9/21 was 16.11%, MySuper was 16.26% compared to Benchmark 17.44% Performance more than 1% below Benchmark (Data are taken from published Investment Reports)</p> <p>When absolute returns are high (+10% pa), some lower than Benchmark performance can be tolerated, but as absolute returns move lower into the 6-8 % pa range a 0.5% underperformance becomes significant. I am not focussed on the last quarter's performance, however, for all options</p>	<p>As you note absolute performance over the last year or so has been great however we have slightly underperformed peer averages. This is mainly due to a more conservative positioning during a period of very strong share market returns. By that we mean we have held slightly less in shares, property and other risky assets than many other funds. This conservatism held us in good stead during the initial phases of the COVID downturn in the first quarter of 2020; a period when returns from share markets were very poor, and our performance compared to other funds was very good.</p> <p>Looking forward, we do not expect share market returns to be as strong as they recently have. We are mindful also of the potential for interest rates to rise next year and the impact a withdrawal of liquidity may have on financial markets more broadly. Our current positioning allows us the flexibility to react to market environments as the situation evolves next year.</p> <p>With the merger of Equip and CSF the combined entity is now around \$32b. This is a great size for us to access larger opportunities that were previously not available to us, but not so large that we can't continue to access niche markets too. There are also benefits with respect to scale as we grow. We are well placed in this regard.</p>

Name of member	Original question	Answer
	<p>the Equip returns were less than the benchmark - 1.46% MySuper compared to 1.72% Benchmark.</p> <p>What is the explanation for this apparent deterioration in comparative performance? Is there some difference in investment approach that is expected to deliver better relative performance as absolute returns revert to more long-term levels? Is there any concern that the 'small' size of the fund is putting or will put investment returns under pressure? (refer to Question 1)</p>	