



**IOOF Portfolio Service Superannuation Fund
Annual Member Meeting**

IOOF Investment Management Limited ABN 53 006 695 021

Trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 (Fund)

**Responses to member questions not answered during Annual Member Meeting
Important Information:**

The answers 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 product disclosure statement which is available at <https://www.ioof.com.au/forms> or by calling 1800 913 118. Past performance is not an indicator of future performance.

1. *Is China a reasonable investment given the global unrest the country is creating?*

China remains a core investment market that will likely grow for the foreseeable future. While a range of human rights issues continue to be a significant concern, Chinese financial markets look set to develop rapidly.

2. *I understand that during Covid 19 lockdowns there were a huge number of people working from home and going forward many companies will sanction many of their employees to continue to 'work from home' for a significant amount of time. This is reported to have a significant influence on office spaces throughout Australia. What exposure does IOOF have to investments in commercial office space?*

Our MySuper Default fund has exposure to Australian direct property, holding a mix of Industrial and commercial properties. Our Office portfolio enjoys over 90% occupancy and all tenants are honouring their long-term rental obligations. Commercial leasing enquiry has increased strongly this year with tenants confidence returning in line with the economic recovery and progress associated with the management of the COVID 19 event. The IOOF office portfolio is located in core metropolitan areas where rents are affordable, staff live close to their offices and driving to work is an easy COVID safe option. These suburban areas and facilities will be more resilient to the effects of the changing work style.

3. *What is the projected performance of IOOF Pursuit for 2021 to 2022?*

There is a wide range of investment options for IOOF Pursuit that allow members to access a variety of asset types, investment styles and strategies which enables tailoring of investment strategies to members' specific needs and risk appetites. Future performance is dependent on which investment option a member chooses to invest in. We do not make short term return forecasts for periods of less than 5 years, due to our long-term focus. IOOF uses a period of 10 years as its long-term investment strategy.

4. Will the situation in the USA change market conditions & returns?

We see a low risk that recent events in the USA will prove to be an enduring headwind to returns. Rather the Biden administration will now most likely be able to add further stimulus in 2021 that will support growth and returns and there will be a more predictable policy backdrop.

5. Though 2020 was a crazy year in many ways, it also presented fantastic opportunities to "easily" double or triple account values. Yet, not only have you failed to take this once-in-a-life-time opportunity but you lost substantial amounts of money on clients' accounts. What is your response and will you compensate clients for your failure, will you, at least, refund your fees for not performing and letting clients down?

Your question does not specify which investment option you are invested. If we consider for example our MySuper fund – IOOF Balanced Investor Trust, it performed well over a tough year delivering 3.5%, better than the average Balanced fund as determined by Super Ratings and won Money Management Fund Manager of the Year – Multi Asset Balance 2020. We are pleased to deliver very competitive returns to members.

6. How will IOOF work to reduce fees and overheads for members given its massively increased size & scale from the MLC transaction?

IOOF believes that scale is fundamental to achieving improved outcomes for members. The acquisition will lead to a stepped change in IOOF's scale and enable IOOF to generate efficiencies to deliver lower operating costs. For example, this can be achieved through the application of technology, removal of duplicate functions, and obtaining more favourable terms from third party suppliers (including insurers).

7. When IOOF adds a new investment option to the platform, can you inform the members (particularly for ETFs)? Also, I'm interested in investing into some Bitcoin.

We continue to refresh the extensive investment menu of the Fund for choice members and have one of the largest investment menus in the market which includes a range of ASX-listed ETFs. We are conscious of not bombarding members as the investment menu changes frequently and we encourage members to regularly check the menu for their preferred investments.

8. What future functionality, improvements and additions should IOOF Employer Super & other members look forward to, including those that are a few years out? And is there an ability to do online limit trades or to auto-re-invest dividends into a different investment?

There is a range of user experience initiatives planned this year and in the years ahead which members will continue to see deployed on a regular basis, as we continue to improve the features and benefits of the Fund's products. The usage of the functionality you mentioned was very low and as a result a decision was made to disable it. Your feedback has been passed on to the relevant team for consideration.

9. Can non-advised members lodge a request for an addition of a fund, or listed security to the investment menu subject to the usual requirements, except those that an adviser can fulfill? This query pertains to IOOF Employer Super.

No, however we are pleased to offer a market leading choice of ASX-listed securities, term deposits and managed investments.

10. Perth Mint employers have a 10% allocation in Gold. Will you recommend the same for all?

The Fund does not make investment recommendations and we encourage you to engage with a financial adviser to ensure your investment decisions align to your individual goals and circumstances.

11. When are you going to offer a better up to date system for members to buy equities?

We have a large program of work where we're investing in our systems and improving the features and useability of our products to ensure the membership benefits. In 2021, we will be transferring all of our products to our new system.

12. Why is IOOF going out on a limb to seek funds to help in the purchase of another company that has a large debt hanging over it ? Seems like causing a further dilution of members interests.

IOOF believes that scale is fundamental to achieving improved outcomes for members. The acquisition will lead to a stepped change in IOOF's scale and enable it to generate efficiencies to deliver lower operating costs. Upon completion of the acquisition, the MLC superannuation entities will continue to operate independently and any future consolidation would only be undertaken where it is the best interests of members to do so.

IOOF has obtained external corporate debt, in addition to the equity raise, to fund the MLC transaction. IOOF Group debt balances are forecasted to decrease significantly over time as synergies are realised, further strengthening the balance sheet of the new combined Group.

IOOF will not assume conduct liabilities for MLC's advice business arising pre-completion as the MLC licensed Advice Entities will remain with NAB. Pre-completion advice remediation liabilities will consequently remain with NAB, while other pre-completion conduct remediation liabilities including for the platform business will be managed through a combination of provisions, indemnities and warranties including indemnities for fines and penalties, and certain regulatory and litigation matters.

13. With your planned acquisition of MLC, will you seek to absorb their staff structure to continue to run that business, or are you planning to absorb MLC's FUM into the IOOF structure, and grow IOOF by scaling the business via this acquisition?

A Transformation Division has been established to develop a Transformation and Integration Roadmap for the combined organisation. This work is underway and expected to take several years.

14. What new investment opportunities does Australia have post Covid?

Generally, we remain positive on the Australian outlook. Australia will continue to be supported by substantial policy stimulus, the roll out of vaccines and a recovery across the global economy over the latter part of this year. Historically low interest rates and a solid economic recovery will support the household sector and the housing market. Australia's effective handling of the pandemic relative to many other developed economies should enhance its reputation generally as safe and stable, strengthening key export markets of tourism, education, and agriculture as the global economy re-opens.

15. I am a MySuper member, how can I change to a Select member and how much is the fee you will charge?

MySuper members are able to opt-out and become 'choice' members at any time. Members can do so via the secure online portal - ioofonline.com.au or by contacting us. The fees you pay may change, depending on the investment options you select. We encourage you to review the PDS available at ioof.com.au.

16. If I'm using the IOOF pension fund does that mean I am a shareholder in IOOF? and that my pension portfolio is my share portfolio within IOOF ??

Using the IOOF pension fund does not mean that a member is necessarily a shareholder in IOOF. The IOOF MySuper fund invests across a wide range of shares, bonds, property and cash amongst other assets. IOOF shares may form a small percentage of the fund's total investment portfolio.

17. What ethical consideration is given (by the fund managers) to our investments and the impact that investment decisions may have on the environment, climate change, renewable sources of energy and issues round modern-day slavery and gender equality to encourage industries to take these concerns into account in their day to day management.

IOOF is active in promoting ethical and sustainable investments and recognises that climate change and ESG risks play a role in long term investment performance. IOOF's approach to ESG and climate change is set out in the Statement of Responsible Investment Principles for its internally managed investment options. IOOF incorporates ESG and climate change risk in a number of ways:

- assessing and monitoring the ESG credentials of investment managers;*
- instructing investment managers to incorporate ESG risks into their decision-making;*
- measuring and reviewing ESG risks in portfolio tracking;*
- assessing the carbon footprint of portfolios to drive engagement and change with investment managers;*
- encouraging proxy voting to drive improvement on ESG issues; and*
- screening out certain industries from the portfolio i.e. tobacco stocks.*

IOOF is committed to ensuring climate change and ESG issues continue to be fully considered to strengthen long-term returns.

18. How do you think Your Future Your Super legislation will impact the employer default super business?

We support the legislation in so far as it, and previous recommendations, including those of the Productivity Commission, have focused on reducing the adverse impact of having multiple super accounts on a member's retirement savings. With a single account that follows a member from job to job, this certainly changes the role and likely uptake of employer default super offers and heightens the importance of a superannuation fund's ability to engage and retain members. IOOF welcomes the changes and believes it is well positioned to support members with an integrated range of superannuation and pension solutions that mean members have flexibility when they need it throughout their lives, all within the one fund.

19. My question is about gender equity, next year will we see some women included in the AMM presentation?

While there were no female presenters at this year's Annual Member Meeting, women were involved in the preparation of the presentations and conduct of the meeting. We will take this into consideration when preparing for the 2021 Annual Member Meeting.

- 20. Will this broadcast be available to watch later as we had trouble logging in and missed some of the broadcast?**

A recording of the meeting will be available on the Fund's website within one month of the meeting.

- 21. Interested in the discussion about ESG. Is animal welfare taken into account as a screen. Or on horizon?**

Our Statement of Responsible Investment Principles does not explicitly discuss animal welfare. Potential risks to future profitability resulting from poor animal welfare practices such as reputational damage, fines, or loss of licence to operate may be considered by underlying investment managers when assessing investments.

- 22. What will happen to accessing my super account when IOOF will convert current account to IOOF Super. Will I need to set up another online account?**

Prior to any significant product change, members will be provided with information about how the changes will affect them including changes to online access.

- 23. With the pending removal of the "Non IOOF assets and liabilities" function within Pursuit select, what is IOOF's intention to offer similar functionality to assist with portfolio management?**

There is a range of user experience initiatives planned this year and the years ahead which members will continue to see deployed on a regular basis as we continue to improve the features and benefits of our products. The usage of the functionality you mention was very low and as a result a decision was made to disable it. Your feedback has been passed on to the relevant team for consideration.

- 24. Term Deposits became due for renewal November 2020. There were only 3 banks offered for selection - ANZ, Adelaide, NAB. These banks had the lowest interest rates available at that time. Why is there no free choice for all banks? If these are the only banks with whom you have a relationship, why is that?**

From a Wrap perspective, we are required to integrate in systems with term deposit providers and not all providers allow or deal directly with superannuation platforms. However, IOOF is always reviewing the panel of term deposit providers we have available to members.

- 25. Can you please provide a summary of the investment strategy in terms of ethical and renewable resources?**

See question 17 above.

- 26. What is the eXpand approach to minimising volatility from COVID and similar pandemic flow on effects longer term?**

EXpand offers a range of investment options to members with a variety of risk return characteristics to suit member needs. Focusing on the internally managed investment options offered by IOOF, we have a well-established process which is anchored in a long-term outlook, but takes into account current market conditions. Every year, 10-year returns are estimated and used to ensure our long-term investment strategies

are positioned for those expected returns, and to make changes to those strategies if needed. Over the shorter term if risk or opportunities arise we can move away from long term strategy within set ranges. By taking a both a long-term view in setting our strategic asset allocation coupled with a shorter-term dynamic monitoring we aim to ensure members' funds are well positioned for the economic environment as well as crises that arise from time to time.