VISION SUPER PTY LTD
ABN 50 082 924 561
Minutes of Annual Members' Meeting Held online via Zoom
On Wednesday 28 October 2020 at 5.30pm

1. Attendance and Apologies

PRESENT: **Directors**
Mr Geoff Lake (Chair)
Ms Lisa Darmanin (Deputy Chair)
Mr Graham Sherry (Governance Risk and Appointments Committee Chair, Remuneration Committee Chair)
Ms Casey Nunn (Audit Committee Chair)
Ms Joanne Dawson (Investment Committee Chair)
Mr Peter Gebert (Benefits Committee Chair)
Mr Peter Wilson
Ms Diane Smith
Ms Kerry Thompson

Executives
Mr Stephen Rowe, Chief Executive Officer
Ms Noelle Kelleher, Chief Financial Officer and Company Secretary
Mr Michael Wyrsch, Chief Investment Officer
Mr Sean Ellis, General Manager Strategy and Growth
Ms Nikki Schimmel, Chief Risk Officer
Mr Steven Leach, General Manager Operations and Transitions
Ms Emma Robertson, General Manager Data and Analytics
Ms Rebekka Power, Head of Communications (Minute taker)

External service providers
John MacDonald, Partner, Ernst & Young, External auditor
Matthew Burgess, Senior Director, Willis Towers Watson, Fund Actuary

Members
In attendance via Zoom
Approximately 200 members and others

Mr Sean Ellis, General Manager Strategy and Growth, opened the meeting at 5.30pm, welcomed members and introduced the Chair, Director Geoff Lake. He gave a brief outline of the agenda.

2. Acknowledgement of Country

The Chair acknowledged the Traditional Owners of the land:

"We acknowledge the Traditional Owners of the lands from across Australia. We pay our respects to the Elders past, present and emerging, for they hold the memories, the traditions, the culture and hopes of Aboriginal and Torres Strait Islander peoples across the country."

3. Chair's address

The Chair, Director Geoff Lake, welcomed members to Vision Super's sixth annual members' meeting. He noted the necessity of holding the meeting online due to the Covid-19 pandemic and the restrictions currently in place. The Chair outlined the focus of the Board, management and staff of the fund on the best interests of members, and the delivery of strong risk-adjusted returns. He briefly covered the strategic and political environment in which the Fund operates, noting that the revelations of the Royal Commission and the resulting legislative changes were driving merger activity.

The Chair acknowledged the significant past contribution of Director Rob Spence, who retired from the Board during the course of the year and welcomed Director Spence's replacement Director Kerry Thompson.

The Chair introduced the remaining Directors and outlined the expertise of the Board, spanning investments and financial services, legal, governance and risk.
The Chair briefly updated members on the Vision Super's response to the Covid-19 pandemic, noting the focus throughout had been on ensuring the safety of staff and safeguarding members' retirement savings. Vision Super rapidly and effectively switched to a remote working environment with no interruptions to member service, and had managed investments effectively despite volatile markets.

The Chair thanked the staff group for their contribution to the results for members.

4. CEO's address

The CEO, Mr Stephen Rowe gave a fund update. He presented an overview of the Fund's key facts and figures, noting the growth of net assets from $10.17 billion to $10.37 billion over the course of the year despite the pandemic. He gave a breakdown of the Fund's 89,000 members accounts, and payments in and out of the Fund over the course of the year.

Mr Stephen Rowe summarised the achievements of the 2019/20 financial year, noting that the Fund had continued to deliver strong risk-adjusted returns, that fees had again been reduced, and that Vision Super was meeting or exceeding eight of the ten key strategic goals.

The CEO gave a breakdown of returns for the MySuper option and noted that members can always find the details of returns of the website. He noted the vested benefits index of the defined benefit plan remained in a pleasingly strong position, and the launch of new Property and Infrastructure investment options.

The CEO summarised Vision Super's ESG approach. He noted in particular Vision Super's work on a project with other funds and stakeholders to develop 'S' indicators to measure the social performance of companies.

Mr Stephen Rowe also highlighted the strong member service performance despite the pandemic, noting that member feedback was at an all-time high.

5. Audit Committee report

Director Casey Nunn, Chair of the Audit Committee, updated members on the role of the Audit Committee in overseeing the effectiveness of Vision Super's financial reporting framework and audit arrangements. She reported that the Fund had received an unqualified audit report – the highest level of sign off that auditors can give – and noted that Vision Super had never received anything less than an unqualified report. Director Casey Nunn also noted that a detailed extract of the financial statements are available for members in the Annual report published on the website.

6. Investments Committee report

Director Jo Dawson, the Chair of the Investments Committee, outlined the role of the Investment Committee in implanting the investment governance policy and framework, including the development, selection, management and monitoring of the Fund's investments and investment strategies.

She noted the Committee had a particularly busy year dealing with more than usually volatile markets and that despite the pandemic, the Balanced growth MySuper option had achieved its 11th successive year of positive returns.

7. Chief Investment Officer's address

Mr Michael Wyrsch, Deputy CEO and Chief Investment Officer, gave an address on the investment outlook for 2020/21.

The CIO covered the likely outcome of the US election on markets, along with global tensions and the decline of globalisation. He touched on the pandemic and the probability of a vaccine becoming available in 2021.

Mr Michael Wyrsch also talked about the amount of fiscal stimulus in 2020 due to the pandemic, and the potential for second recessions as governments pulled back on stimulus. He pointed to the data showing markets expecting no inflation, low and negative bond yields, and the resulting investment environment that meant there were no alternatives to equities. Other longer-term trends that would affect investment returns included biodiversity collapse, and a decline in working-age populations as populations in developed nations age.

8. Governance, Risk and Appointments Committee report

Director Graham Sherry, Chair of the Governance, Risk and Appointments Committee and the Remuneration Committee, expressed his gratitude for Director Rob Spence's service on the Board.

He outlined the role of the Governance, Risk and Appointments Committee in assisting the Board by providing an objective non-executive review of the effectiveness of Vision Super's governance and risk management frameworks, including the risk appetite and risk culture.

Director Graham Sherry spoke to the process Vision Super had overgone over the past few years to improve the internal function in order to keep pace with the increasing rate of change in regulation and legislation, and the firming up of the risk culture within the organisation. Under Chief Risk Officer Ms Nikki Schimmel, the team had solidified and Vision Super had a greater capacity to deal with risk.

9. Remuneration Committee report

Director Graham Sherry noted that the Remuneration Committee had been set up by the Board to review the effectiveness of Vision Super's remuneration structure and policy, as well as to assess compliance with the relevant prudential standards and make recommendations to the Board each year on remuneration.

He outlined that Vision Super's remuneration policy used the FIRG survey to set remuneration, with the policy stating that executive remuneration should be within 15% of the FIRG median. He informed members that despite the successful year, in light of the pandemic and circumstances in the community and Vision Super's traditional industries, the Board and all of the executive team had felt it would be inappropriate to take a pay rise. With the exception of one executive whose remuneration fell outside the policy, there had been no increases.

10. Benefits Committee update

Director Peter Gebert, Chair of the Benefits Committee informed members that the purpose of the Benefits Committee is to assist the Board in fulfilling its governance responsibilities and oversight of the Insurance Management Framework. He noted the Committee's main role was to act as an independent, objective third party to assess insurance benefit payments to members and their dependants, and that regular meetings were held to evaluate claims.

He reported that during the year, a number of special meetings had been held to oversee the Fund's contract renewal process with the insurer, MLC Life.

Director Peter Gebert gave a summary of premiums paid by members and the benefits and claims paid out to members.

11. Member questions

The meeting was opened for question about the fund.

Questions and comments raised during the meeting related to investments, ESG, COVID, fund governance, engagement and performance. All questions received and responses to those questions (including those questions covered during the meeting) are in Appendix A and can be found on our website.

12. Meeting close

Mr Sean Ellis thanked members for attending and informed them that the minutes (including answers to questions) and the recording of the night's proceedings would be made available to view on the Vision Super website. The meeting was closed as scheduled at 7pm.

Appendix A

Q1: Is Vision Super considering any mergers or acquisitions with other funds?

Answer: We think there are benefits from scale or that there can be benefits from scale. But it is not axiomatic - some of the largest funds are not performing as well as some funds like us. We need to be critically careful in the analysis process. The Board has adopted some merger guidelines and principles and criteria to assess merger opportunities. We are talking to some funds about merger. Nothing has eventuated yet, but we will keep members informed should anything eventuate.

Q2: What progress has made this year to reduce investment in fossil fuels?

Answer: As of the middle of the year, we have divested from tar sands and thermal coal. We regard this as a journey and what counts is the amount of omissions that are going into the atmosphere (greenhouse gas equivalent, CO_2 emissions).

Unfortunately, emission continue to go up - because of the pandemic they're not quite as high as last year, but the reality is that every year we put more emissions into the atmosphere. If anything, the rate of putting CO_2 into the atmosphere has increased. We have a lot of work to do, and Vision Super is doing what we can.

We co-filed a resolution last year at BHP. Sad to say that not all super funds voted in favour of that resolution, which was aimed at stopping BHP from funding lobby groups acting against the Paris Agreement on Climate Change. We do have a problem in this country with a very large fossil fuel lobby and getting sensible climate policy is difficult as a result.

We continue to work on this and continue to think of ways we can do more. One good thing about the BHP resolution is we have made really good contact with a number of European funds and hopefully we will be doing more work with them in the future.

We have made an investment in a Danish renewable energy company and that actually has its foot on a windfarm off Gippsland. A massive windfarm which would be great for jobs in that area and would be a great initiative for Australia. At the moment that cannot be built because there is no federal legislation allowing offshore windfarms but should that go ahead at some point we should have a stake in that.

Q3a. Why can't we have a range of multiple investment options that include multiple ETFs or term deposits that suit our financial goals and risk tolerances?

Q3b. Will the Board consider fixed term deposits for members over 75 years old locked out of short-term investing in the Fund?

Answer: At this stage, we are not heading down that track. We do introduce new options from time-to-time and the suite is we think sufficient at this point. We did have a look at EFP, ETFs and term deposit but we found the costs of introducing them were quite excessive and the likely take up would be too small, so we did not go ahead.
The Vision Personal Sustainable balanced product is essentially EFTs and passive exposure so members could elect to join that, and members could also look to get financial advice to assist them to meet their goals if they want to mix and match some of the pre-mixed and single sector asset class options that we offer at the moment.

Q4: What is Vision Super's position on the current proposal that company AGMs continue as virtual online only in the future? Will Vision Super make a submission?

Answer: It is unlikely we will be making a submission. What we would say is that we have not discussed it as a position, but we are against it. Our proxy adviser, the Australian Council of Superannuation Investors is against it. They represent hundreds of billions of dollars of superannuation fund money so there will certainly be lobbying against just having virtual AGMs.

Q5: What is the impact of the recent October Federal Budget on superannuation and Vision Super?

Answer: It is still a Bill before Parliament so it not legislation yet. Some of the key changes we include members being stapled with their existing fund. At the moment, you move from one company to the next and you may get invited to join another fund by your employer if they have a default fund. If this legislation gets up, you will be with your super fund for life unless you decide to move from that fund.

The next potential implication is that the Government intends to introduce an interactive online comparison tool so that members can establish whether they are in a well performing fund or not. As we understand it, that interactive tool will only apply to MySuper products. A lot of the retail products that have been pretty badly performing for decades are not going to be in that comparison tool for at least the first 12 months.

There seems to be a focus on industry funds and MySuper funds and not some of the worst performing funds in the country. We saw some evidence of that arising out of the Royal Commission where they had a lot of focus on retail funds and very little focus on industry funds. This legislation is squarely aimed at industry funds.

Where a fund is underperforming in the first year of this new regime, they will have to notify their members that they are an underperforming fund. If they are underperforming for a second year, they have to write to their members and tell them they cannot accept new members so pretty significant potential changes to the sector.

There final piece to the puzzle is the government is trying to introduce an obligation on trustees to act in the members' best financial interests. At the moment it is just around best interests - which we always taken to be best financial interests. We are speculating as to why that has come in and it might be aimed at some of the funds that do focus on climate change in their investment process, but we are not sure about that.

So essentially four pretty significant changes, particularly for funds that are underperforming.

Q6. What will the impact of the Superannuation Guarantee not increasing to 12% be?

Answer: The superannuation guarantee is the contributions made to your fund from your wages via your employer. The current rate is 9.5%. It is currently legislated to increase to 12% by 2025 but there has been a fair bit of media around that increase being delayed. There was some expectation that would happen in this year's federal budget but we still have another federal budget in May before the first step of the increase is due to occur (from 9.5% to 10%). To demonstrate, we thought the best way to do this was to give an example of how it would affect a Vision Super member. Nicola represents a typical Vision Super member, a 45-year-old with an annual income of $80,000 and superannuation of $95,000. If Nicola went through her working life and the superannuation guarantee was frozen there would be a significant impact – she is projected to retire with $40,000 less, which is around 10% of her retirement balance.

We continue to work with our associations to lobby to ensure that SG rises. The Covid-19 early release measures have seen members take out $10,000 and in some instances $20,000 from their super, so again impacting people being able to have a comfortable retirement, and policy we think is detrimental to working Australians. Our membership is skewed female, and unfortunately these measures tend to have more significant impact on women so we are working really hard to ensure that increase goes through.

Q7. How have you strategically positioned Vision Super to take full advantage and support new, emerging and existing Australian industry and manufacturing?

Answer: The government has made this quite difficult for us because we have regulatory uncertainty. It is quite difficult for us to commit money for any period of time given that we do not know what legislation is going to come in. For example, with the early release there was very little or there was no consultation with the industry.

We are also looking right now at the debt side where companies might be looking for a loan and we could help make that loan. That is being considered and we have not decided on that. When you do that, your money is locked up for a period of time and we have to be sure that we are being prudent and have got enough leeway in case any new legislation or regulation comes in.

Q8. What is the percentage of shares in Australian owned investments that Vision Super invests in?

Answer: Across the total fund (bearing in mind we have a cash option and fixed income option, which do not include any shares) about 20% of the fund is invested in Australian shares.

Q9a. How much was paid to each of the ASU, MAV or LG Pro over the last financial year?

Q9b. Why do you invite members to submit questions to the Annual Member Meeting and then not ask them at the meeting or truncate them to such an extent that the original question is lost as you did in the last two years with questions that I submitted? Would you agree with me that such behaviour is an indicator of very poor internal culture at the highest levels in Vision Super? What is the appropriate external oversight and regulation authority to report this behaviour to?

Answer: In terms of marketing and sponsorship agreements, we did make some payments to all those organisations. The ASU received $43,614 in the financial year up until June for marketing and distribution services pursuant to an Agreement we have with them. FinPro received $14,545. Vic Water received $12,500, the MAV $6,000, and LG Pro $4,850. In total around $83,000 to help us promote and grow the fund. This information is disclosed on our public website and can be found at https://www.visionsuper.com.au/wp-content/uploads/2020/11/Distribution_and_sponsorship_2019_20.pdf

Vision Super does not spend multi-millions of dollars on marketing on TV, radio in newspapers etc. Typically, we have relied on our sponsors and their distribution networks to grow our membership and retain members. Certainly, we see those arrangements as value for money and they are all governed via the Board through clear service level agreements with requirements around targets for the funds to be paid over.

We attempt to answer all questions but as you can see from the number of questions in these minutes it is difficult to get through all questions on the evening. Vision Super has been running annual member meetings for more than five years, well before there was a requirement to do so. We are committed to talking to and hearing from our members and these meetings show a commitment to that.

If you feel that your question has not been answered you can make a formal complaint to the Fund or AFCA. APRA regulates the compliance with Annual member meeting requirements.

Q10. As a younger member of Vision Super, could Vision Super hold some webinars with specific information for younger people and super in the near future?

Answer: It is an area that we look at pretty consistently but the audience that engages in the fund the most is the building wealth and aging demographic. During the pandemic we have been looking to build significantly more resources and engage with younger members. The team has conducted a significant number of webinars with a lot of engagement but an area that we do need to do significantly more work is engaging with our younger members to help them build their wealth. The things we have spoken such as superannuation guarantees potentially not been increased.

We have done a lot of work over the sector to support members of Vision Super and also people working in the industries that we support through additional contributions schemes and we quite often see higher contribution rates above and beyond the 9.5% than most superannuation funds. We think this is a fantastic idea, we will definitely something we will look into further over the next few months.

Q11: What is Vision Super doing to ensure the companies our superannuation is investing in have adequate female representation on their board?

Answer: Vision Super has a majority of female Directors, and we want to see good representation on the Boards of the companies we invest in too. We get proxy voting advice from the Australian Council of Superannuation Investors. They have a policy that there should be at least 30% female Board representation. Where a Board has no women or only one woman, we will vote against the election or re-election of male Directors, including the Chair of the Fund, the Chair of the Nominations Committee or other long-serving directors. We do as a matter of course vote against companies where we do not see good representation. Representation is really improving and this is an issue that has got really good traction and we have seen really good improvement in that regard in recent years.

Q12: How about a new asset class for investments Gold. We are currently in unchartered waters and what is the new normal for the future?

Answer: We talked about potentially opening up a single sector Gold option at last year's Annual Members Meeting. We spent the past 8-9 months working through that question and concluded that we did not think it wise at this stage. We have just started investing in Gold for the MySuper portfolio. We will see how that goes and then maybe

think again about a single sector option.
Once again, we were concerned about the amount of take up and the cost of introducing another single sector option, which would effectively be paid for by the rest of the membership if there is not much demand for that particular asset class. But if we get indications of significant demand, we will definitely look at it again even though we are now investing in Gold.

Q13: Is the superannuation industry guaranteed by Government and what happens to my money if a superannuation fund collapses?

Answer: The Government does not guarantee the superannuation industry, but we have a number of regulators that look after us including APRA which is a prudential regulation authority. Their job is to ensure that the super industry is working well and working efficiently. APRA cannot guarantee that no fund will collapse but if something did happen the Government has a number of mechanisms that it can introduced to provide some guarantee or form of backing for members, which would depend on the reasons for the collapse.

The Government can look at paying compensation to members or they can extend the Financial Assistance Package that the banks and insurance companies are covered by. But when you look at the super industry and its performance over the years that it has been operating, there have been very few collapses, even during events such as the Global Financial Crisis. The Government does rely on the regulators to be doing the right thing by members.

Q14. How are our superannuation finances going during this difficult times? How is Vision Super coping with the challenges?

Answer: We have always had a really strong focus on keeping our costs to a minimum and making sure we are doing a good job and spending our money well. That is why we have been able to pass fee reductions onto our members because of that focus. With the pandemic, we have monitored what we have been doing even more closely. If people go and look at the Product Disclosure Statement we released on 1 October 2020, you can see there is a fee reduction included in that.

One of the things we have been very conscious of is the Fee Disclosure Requirements from ASIC. We are one of the very few funds that actually adopted the RG97 regulatory requirements in relation to fee disclosures earlier than was required. With that fee disclosure, we are required to report not just the money or what we are deducting as fees from the member's account but also any money that is used from the reserves. Effectively our reserves are stable, and we are doing full disclosure on the total costs that our members see. We are doing okay from a financial perspective at this time.

Q15. What is the best way to manage or track your superannuation returns?

Answer: There are a couple of ways you can track your returns. You can call us, but we would prefer you to load up the Vision Super app where you can get details on your balance, your contributions, each and every type of contribution, your insurance cover, and your beneficiaries. It is a very user-friendly app and about 8,500 members have registered to use it. You can also simply go to the member portal on the website.

Q16. Do you expect a crash in the stock market in the foreseeable future or any major corrections?

Answer: Equity markets are volatile. Every three years or so you get a 20% correction peak to drop. Every five you will get 30% or more peak to drop fall. What we know is that over the longer term if you look through all that, we are likely to get better return that what we would get out of bonds.

Q17. Investor Group on Climate Change is a collaboration of Australian and New Zealand institutional investors focused on the impact of climate group. The group has existed for several years and contains many of Australia's largest superannuation companies. Why is Vision Super not a member?

Answer: We were a member of that group and we pulled out of that group because we felt they were not doing enough and were not differentiated from groups like the Principles of Responsible Investment (PRI) group.

We have said to them we would go back if they did more. The superannuation industry is very large. There is every reason in the world to do this. We need to build an economy for the 21st century and not the 19th century. It is not going to be built on coal in the 21st century. It will be good for business, good for innovation and for all of us climate wise. We pulled out because we did not feel they were going hard enough.

Q18. What sort of business is being invested in at the moment in the innovation and disruption optional sector?

Answer: The option is managed by Baillie Gifford which is an Edinburgh based fund manager. It currently includes all the major 'FANG' stocks which is named for Facebook, Amazon, TenCent, and Alphabet (formally known as Google). We also have companies like Baidu, Netflix and a range of innovative health companies. They also invest in consumer durables such as high-end fashion houses. But the vast bulk of their money is in Tesla, TenCent, Baidu, Facebook, etc. Really high-tech type companies.

Q19. Arts and Culture contribute approximately nearly $12 billion to the national economy, how does Vision Super plan to support investing in the sector to benefit members?

Answer: It is a good question and it is a real tragedy what has been happening in the arts and cultural sector, as well as the university sector during this pandemic. It has been difficult. We do not have any direct investment in the sector. We do not tend to invest directly. We have the sole purpose test in superannuation, which we interpret as being the best financial interests of members, so unless an investment stacks up financially we can't invest members' money even if it would provide a good social outcome.

Q20. Do you have any comments about Senator Jane Hume, Federal Minister for Superannuation? Is it helpful or interference?

Answer: The Minister has a job to do, just like Vision Super has a job to do. We'll get on with our job of running the Fund to maximise members' retirement outcomes, and leave Minister Hume to get on with her job of Assistant Minister for Superannuation, Financial Services and Financial Technology. It's up to Australian voters to deliver a verdict on whether she's doing a good job managing her portfolio – we'll leave that judgement to them.

Q21. Does Vision Super have any position on the shorting of stocks or do you leave that up to your fund managers?

Answer: Vision Super leaves shorting up to the discretion of the manager. However, in our current portfolio we do not have any managers with the latitude to short stocks. This has not always been true in the past. We are not against shorting in principle and we do lend out stock, which provides some more shares into the market for shorting. All stock lent out is recalled for voting purposes.

Q22. What is the fund going to do to ensure membership and FUM increases if stapling as proposed by the government is legislated?

Answer: Vision Super's initial analysis shows stapling of member accounts will have a net zero effect or a slight positive effect on the number of member accounts. Although stapling will reduce the flow of new default members, it will most likely result in members who leave the sector being stapled to their Vision Super account and thus continuing to use Vision Super with their new employers.

Q23. Can you make personal contribution to your super if you are not currently working and living in Australia? If yes, is there a minimum/maximum amount?

Answer: As long as you are an Australian with a Tax File Number there is nothing stopping you from contributing to your superannuation. Taxes apply to both your before-tax (concessional) and after-tax (non-concessional) contributions. The Government has set contributions caps (limits) on the amount you can contribute in a financial year. This applies to both types of contributions and if you exceed the amount and contribute too much you may have to pay a penalty tax on those amounts. For full details about the caps please visit our website.

Q24. Given the low likelihood of inflation that you mentioned - do we think there may not be increases in the balance transfer cap?

Answer: We believe this is unlikely at this stage, but we will keep members post via regular information our website.

Q25. How do you see the market performing over the next 10 years and what will be difference/learnings posts COVID-19 to ensure the members still maintain decent returns?

Answer: The outlook for markets is more uncertain than usual reflecting COVID-19. That said, we anticipate that investment returns over the next 10 years will be lower than those experienced during the post GFC period so far. This view reflects lower economic/earnings growth as a result of high debt levels and less favourable demographics, as well as valuations for many asset classes that are currently on the high side. For example, we expect low returns from the cash and fixed interest asset classes.

With low returns likely over the next 10 years, a key focus of Vision Super will be to make the most of the returns that are available, with the aim of ensuring that members are able to have a favourable retirement. This will involve continuing to position the portfolio to take advantage of investment opportunities and ensuring that there is suitable protection against downside risks. The COVID-19 period has reinforced the importance of both diversification and considering superannuation as a long-term investment. These aspects will continue to be important factors for portfolio design over coming years.

Q26: Why is it that funds are on such a roller coaster ride at the moment, are they having a COVID moment, or a Trump one?

Answer: Markets have been up and down primarily because of the pandemic. Markets and companies initially had no idea what to expect. Many countries have since experienced a second wave of the infection, which has unnerved markets. Markets are also watching governments closely on their fiscal stimulus measures. This, along with central bank measures, helped markets rally from late March. More recently, the lack of another funding package in the US has weighed on markets. However, economic and market data has been better than the market was expecting, providing a counterbalance.

Q27: Overview of investment strategies for the Balanced fund and the performance profile over the last six months.

Answer: Vision Super went heavily underweight equities in early March. Since April we have generally been adding to our position. We remain underweight fixed income which is providing very low yields. One third of developed market government bonds had a negative yield (meaning you earned a negative rate of interest) at the time of writing.
The Balanced accumulation option (not to be confused with the Balanced growth option) had return approximately 10.1% for the 6 months to the end of September.

Q28. What is the expected impact of COVID19 on super investment in short and long terms?

Answer: There is considerable uncertainty regarding the impact of COVID-19 on short-term and long-term investment returns. Over the short term, COVID-19 has resulted in more volatile returns than is typically the case. As activity is constrained by the virus, the profit levels of companies are generally lower than otherwise, which has reduced returns in 2020. That said, since late March 2020, equity markets have risen materially, underpinned by rising activity and considerable policy support. While there is a range of potential outcomes from here, we expect that a vaccine will be approved in 2021, which should allow further improvement in global activity levels.
Over the long-term (>20 years), we are not anticipating a large impact on returns from COVID-19. The impact is expected to be moderately negative, mainly as a result of high debt levels constraining activity. As a result of the virus, governments around the world have increased their debt levels materially to enable them to provide support to businesses and households. While this has been very beneficial for activity in the short-term, it is likely to moderately constrain activity over the medium to longer term.

Q29. A medium prediction on interest rate movements over the next three financial years?

Answer: Various central banks have been cautious about forward expectations for interest rates, as we are all experiencing an economic challenge that is substantial, and many factors, which remain hard to predict accurately, are now at play. Bearing this cautionary approach in mind, we expect that interest rates will remain low, rising only modestly over the next three financial years.

Q30. To what extent have your fund managers investigated current opportunities and potential for strategic investment in the Australian manufacturing sector, especially in light of the Covid pandemic?

Answer: Several managers have created products that try to capture possible advantages that arise from the pandemic; both here and in the global context. In general, the offerings, which have been developed by managers, are quite varied in scope and are extensive in terms of research. Some managers, based in Australia, have created funds that will provide lending opportunities to smaller firms in Australia, and we are actively considering these proposals; some in manufacturing, some in other industries. As you know, we would like to support Australian jobs, and manufacturing in a way that benefits members, but in a way that is also cognisant of the attendant risks and the need for each proposal to have an adequate investment thesis. In general, and where possible, we would like to be sympathetic to the needs of Australian businesses in these difficult times.

Q31. Has Vision Super invested in Tesla shares and are we planning on investing in Starlink when it is taken public?

Answer: Vision Super currently uses expert external asset managers to select the companies invested in. As at 30 June 2020 we did hold exposures to Tesla through both our concentrated growth manager, Baillie Gifford, as well as an enhanced passive strategy managed by SSGA.

Q32. Which investments in renewable energy are currently in Vision Super's portfolio?

Answer: Vision Super has reinforced our commitment to sustainable investment, which has included over a decade of major investments in renewable energy, wind, solar and hydro power. Vision Super wants Australia to become a zero-carbon emission economy, but we know that it will take some time to transition to renewable and completely replace fossil fuels – including gas. In the meantime, Vision Super has adopted a sound ESG policy, a low carbon philosophy and has invested in lower carbon share indexes for our passive equity mandated portfolios. We are concerned about the lack of focus on demand management which will be required if the transition is to be successful. Vision Super welcomes the renewed global focus on emission reductions as a result of the 2015 Paris Climate Summit, particularly as large-scale change is needed for Australia's current energy mix to shift from 10% produced by renewables and 90% from fossil fuels. Stronger climate policy - such as carbon pricing and ambitious renewable energy targets - will speed up the transition to a low carbon future by levelling the playing field for renewable over fossil fuels.

The Fund was ranked 19th out of the world's 500 largest investors for our action on climate change in the 2017 Global Climate Index by the Asset Owners Disclosure Project (AODP). The Global Climate Index ranks asset owners, fund managers and insurance firms, on how they manage climate risk in their investment portfolios. Vision Super received a 'AA' rating in the index, placing us in the leading top 6% of asset owners in the world when it comes to managing climate risk and the top four responsible asset owners in Australia.

We have recently agreed to invest with a manager who, legislation allowing, is intending to build Australia's first offshore windfarm and will invest up to $10 billion in renewable projects around the world.

Q33. Are you divesting in coal based products? Any new solar companies coming on line?

Answer: Vision Super has implemented low carbon benchmarks for our index/passive mandate arrangements. As example we moved the international equities portfolio to the global MSCI Low Carbon Index. This means the Fund now invests in overseas companies that have a 70% lower carbon exposure than the rest of the market. We also moved the Australian equities portfolio to the IFM Low Carbon portfolio, which reduces our exposure to Australian companies with a high carbon emission risk. The portfolio aims to achieve in aggregate carbon mitigation with minimum possible active risk. The portfolio is designed to mitigate carbon pricing risks while adopting an indexed investment approach.

We note we don't believe any fund can truly claim to be 'fossil fuel free' while fossil fuels are integrated into the global economy. Some of the biggest customers of fossil fuel energy are technology companies, aerospace companies, transport companies, agriculture, and industrial companies - in fact any company connected to a transmission grid fed by fossil fuel energy plants.

We have recently agreed to invest with a manager who, legislation allowing, is intending to build Australia's first offshore windfarm and will invest up to $10 billion in renewable projects around the world.

Q34. What investments are you making in affordable housing, including build to rent and delivering homes that lower income households can buy? Given the recession and the need to provide housing security for increased numbers of lower income households, how will you increase Vision's investment over coming years?

Answer: Vision Super by law must abide by the sole purpose test. We must consider whether an investment will provide a sound financial return for our members, and if it won't we cannot invest in it even if it will provide a good social outcome. We have looked at a number of potential investments in affordable housing alongside Industry Superannuation Property Trust but to date none of them have met the criteria to be suitable investments.

Q35. What is Vision Super doing to ensure companies that our super is invested in engage with Indigenous owners and have social license to operate

Answer: We are currently developing our first Reconciliation Action Plan (RAP). As part of this process, we have undertaken a staff survey to investigate whether any staff members identify as Aboriginal or Torres Strait Islander. Our Human Resources team has added a question to new staff starter forms to ask whether new staff identify as Aboriginal or Torres Strait Islander. We have engaged with our leadership team, who are fully supportive of our RAP development, and have been given the resources we need to complete the RAP. We have formed a RAP Working Group (RWG), which meets every six weeks. We have drafted a terms of reference for the RWG. The RWG has presented to the Board of Directors on Rio Tinto's blasting activities, and we subsequently wrote a letter to Rio Tinto on the issue. The RWG has also commenced online Cultural Awareness Training through the Centre for Cultural Competence Australia.

Q36. What is Vision Super doing to ensure you are minimising carbon emissions and have an objective to be carbon neutral?

Answer: We are commencing working on our road map to becoming carbon neutral across the fund by 2030.

Q37. Is the fund doing EVERYTHING within its power to fight climate change inaction, in politics and business? Climate change in action is the most grave threat to my future and the future of my family. I would support the fund going even harder than it has to date on this issue (not a criticism, just desperate for change).

Answer: We are trying to and are encouraging others to do more as well. We have co-filed a resolution on climate change and vote in favour of the vast majority of climate change resolutions at companies.

Q38. How secure are Defined Benefits in the current environment relative to non-defined benefits?

Answer: Non-defined benefits (typically referred to as accumulation benefits) are the most common method used to calculate a member's benefits in Australia. The value of an accumulation benefit is generally equal to:

1. The amount of contributions (including employer contributions) that have been made for the member plus
2. The investment earnings on those contributions (which may be positive or negative) less
3. Any fees and taxes.

Once an employer has paid their accumulation contributions (such as their superannuation guarantee (SG) and award contributions) to the fund for a member, the employer is generally not required to make any further payments in relation to the member's benefits. As the accumulation benefit includes the investment earnings on the contributions, the investment risk is borne by the member. As a result, the value of a member's benefit will fluctuate based on the investment performance of the investment options that the member is invested in.

Unlike an accumulation benefit, a defined benefit is generally calculated using a formula that usually takes into account:

- The member's service with the employer/years of membership with the fund
- The member's final average salary, and
- A benefit's accrual rate which is generally specified in the fund's trust deed.

Under a DB arrangement, the employer is required to pay sufficient contributions to the fund so that the fund is able to pay out the defined benefits as they become payable. The investment performance of the fund affects the amount of contributions the employer must make so that the fund can pay out the defined benefits that have been promised to the members. Therefore, the investment risk of a DB is borne by the employer because the member is guaranteed his/her benefit regardless of the investment performance of the fund.
It should be noted that some defined benefit members may have both a defined benefit and an accumulation benefit. For these members, the respective components of the member's total benefit will reflect the above.

Q39. Is the Super industry guaranteed by the govt ? eg. what happens to my money if a super fund collapses?

Answer: The Australian government does not guarantee the Australian superannuation industry. However, it has put in place a regulatory framework to support the prudential management of the superannuation industry. The Australian Prudential Regulation Authority (APRA) is an independent statutory authority that supervises the financial service industry (including superannuation funds other than self-managed superannuation funds) and is accountable to the Australian Parliament. Prudential regulation is concerned with maintaining the safety and soundness of financial institutions, so that the community can have confidence that they will meet their financial commitments under all reasonable circumstances.

It should be noted that, while APRA seeks to reduce the likelihood of a financial institution failing, it cannot guarantee that failures may never occur. The government can take a number of actions including providing a grant to compensate victims of fraud in an APRA-regulated fund, expanding the Financial Claims Scheme (which is administered by APRA when activated by the Australian government) to include superannuation funds, and so on.

Q40. Is my superannuation fund in the top 10 performers? and in the top 10 for lowest fees? If not why not?

Q41. Vision is not the No.1 industry Super fund available as per the polls. Why? and what implementations are you making to strive for that No. 1 position for the better and your members.

Answer: Vision Super's performance over both the short term and long term has been very strong. Our investment returns are among the top funds in the country – for the year ending 30 June, our Balanced growth (MySuper) option was in the top three, and our Balanced growth pension option was the top Balanced pension option. For all reporting periods our MySuper option is in the top eight:

PERIOD	1 YEAR	3 YEARS	3 YEARS	5 YEARS	10 YEARS
RANK	3	4	5	7	8
RETURN	1.96%	6.50%	6.75%	8.07%	8.13%

In a year when most funds experienced negative returns, almost all of our options were positive. We strive to bring our members strong returns over the long term, while minimising risk – while some of our options have been number one in their category at times, this isn't our objective. The Fund that is number one over one year might be number 30 over ten years – we want to maximise our member's retirement savings and their security, not achieve a particular position in a league table.

In relation to fees, the Fund maintains a cost-conscious approach to how we manage members money and the Fund, again reducing fees for our MySuper members in the recent months.

Over the past five years Vision Super has driven down member costs with a commitment to cost consciousness. This approach has seen the Fund's personal product awarded Money Magazine's "Best of the Best" award for the cheapest super platform. Our Personal product is ranked as the lowest fee super product, according to SuperRatings[1].

[1] SuperRatings Top 10 - https://www.superratings.com.au/top-10-super-funds/

Q42. If you lose your job can you use your super to upkeep mortgage payments?

Answer: There are some circumstances under which you could access some or all of your super before your official retirement age. The government makes the rules and regulations covering early access. We know it can get confusing, so we've laid it out clearly for you on our website.

Without considering your personal circumstances, while your benefit is preserved there may be two options to gain access to super for the upkeep of your mortgage payments, under financial hardship or compassionate grounds. For more details on both either visit or website or give our Contact Centre a call, 1300 300 820.

Q43. Do you still invest in Tobacco-related industries?

Answer: No. We believe corporate engagement is more effective in improving the way companies operate, reducing the environmental impact and increasing transparency but there are a number of investments we have divested from, including tobacco. Vision Super has divested from tobacco and signed up to the tobacco free finance pledge. Taking the pledge has allowed Vision Super to become 'verified tobacco free', reinforcing our position as a values-based, superannuation fund.

Q44. What is Vision Super's current investment in companies in mining, gas and other fossil fuels, and gaming, by investment option? What are you doing to reduce it?

Answer: Vision Super has exclusions in our directly held portfolios for thermal coal, tar sands, controversial weapons and tobacco. We are constantly reviewing the list, particularly in light of the latest available scientific evidence on the likely prospects for many of these investments. In our trust investments we have no ability to determine the allocation to gaming or fossil fuels. We are mindful of not overly restricting the universe of stocks we invest in. With regard to fossil fuels, recent evidence suggests that we have less time to decarbonise than previously thought and we are likely to reduce our exposure here further over time. We are updating our reporting to show full portfolio holdings for each option. Our ESG policy is also available on the website.

Q45 What investments are you making in affordable housing, including build to rent and delivering homes that lower income households can buy? Given the recession and the need to provide housing security for increased numbers of lower income households, how will you increase Vision Supers investment over coming years?

Answer: Vision Super by law must abide by the sole purpose test. We must consider whether an investment will provide a sound financial return for our members, and if it won't we cannot invest in it even if it will provide a good social outcome. We have looked at a number of potential investments in affordable housing alongside Industry Superannuation Property Trust but to date none of them have met the criteria to be suitable investments.

Q46: What do you plan to do about the ever-increasing gap between the Medicare benefit and that amount paid out of pocket for Doctors and Specialists bills. It is impacting many of the poorer people in our community as they often cannot afford to see Doctors, Specialists, Psychologists, Podiatrists, etc, when they are unwell. The Liberals have given lots of handouts in the budget for businesses, but they have forgotten the more vulnerable in our community.

Answer: We do a lot of work for our members, advocating for change in an effort to support members achieving better retirement outcomes. While we sympathise with your perspective and agree it's an issue, this hasn't an area that we have done any work on, and doesn't directly relate to superannuation. We think it is maybe better directed towards a health insurer or other organisation.

Q47. What are the different investment plans? Do you have future green energy to invest in.

Answer: Vision Super has a range of investment options for members to select from, including both premixed and single sector options. For full details on each option, including the investment strategy, investment timeframes and risk levels for each, please visit the Fund's website.

We do not current have an option that is explicitly invested in green energy, but we have a sustainable option and continually look at green investments that will deliver strong risk adjusted returns for members. We are currently looking at an investment in a large wind farm in Victoria.

Q48. Is Vision an Australian industry super Fund? If yes why does it not have the symbol?

Answer: Yes, Vision Super is an industry super fund. We are proud to be Victoria's oldest community super fund, servicing members in local community for more than 70 years. We have been providing our members with a secure retirement through continuously high performance over that time and are a profit for member fund.
As an industry super fund, members are our focus and we're always looking for ways to keep costs low and invest in a better and sustainable future. This is one of the reasons we do not carry the industry fund logo. The use of the logo comes at a cost - a cost that we have not wanted to pay. We would rather focus our efforts on providing great outcomes for you, our members.

Q49a. Will Defined Benefit members be again dis-advantaged buy not receiving the projected increase in Employer Super contribution from the current 9.5% to the projected 12% (or whatever the figure will be)? How is Vision Super planning to deal with this issue?

Q49b. If Defined Benefit members do not directly receive this amount into their Super accounts, will this be reported to the Federal government and to members?

Q49c. Did Vision Super report to the Federal Government that Vision Super Defined Benefit members did not directly receive the last increase in Employer Super contribution into their personal Super account? Can you also justify how this is the "best financial interest of the member".

Answer: The Superannuation Guarantee (SG) legislation was introduced in 1992 following the successful implementation of the Wages Accord in the mid-late 1980s. In both instances, the introduction of compulsory employer contribution requirements was about increasing the number of employees who had some form of superannuation. This was because there were some employees (particularly defined benefit (DB) employees) who already had generous superannuation arrangements.

The SG legislation recognises that there are employees who are entitled to a defined benefit (DB employees). Employers are required to obtain a Benefit Certificate from an actuary in relation to a DB arrangement if benefits provided by the employer under that scheme are used to meet the employers' obligation under the SG legislation.

Unlike most employees receiving SG contributions via an accumulation benefit, a DB employee's benefit is calculated using a formula that usually takes into account:

- The member's service with the employer/years of membership with the fund
- The member's final average salary, and
- A benefit's accrual rate which is generally specified in the fund's trust deed.

Under a DB arrangement, the employer is required to pay sufficient contributions to the fund so that the fund is able to pay out the DB benefits as they become payable. The investment performance of the fund affects the amount of contributions the employer must make so that the fund can pay out the benefits that have been promised to the members. Therefore, the investment risk of a DB benefit is borne by the employer because the member is guaranteed his/her benefit regardless of the investment performance of the fund.

For LASF DB members, the benefit accrual rate is generally 18.5% which is considerably higher that the SG contribution rate even when that rate reaches 12% in 2025.

Vision Super's current Benefit Certificate indicates that the SG notional employer contribution rate is equivalent to the required SG contribution rates (including the SG rate increases expected until 1 July 2025). A copy of Vision Super's current Benefit Certificate can be found at www.visionsuper.com.au/wp-content/uploads/2020/12/LASF-benefit-certificate-2020.pdf.

Based on this, the relevant employers have complied with the SG obligations for their DB employees and will continue to do so up to at least an SG rate of 12%pa.

Unfortunately, the SG legislation and the 1980s Wages Accord were introduced to close the gap between employees that did have super and those who didn't rather than maintaining parity between these employee groups.
As a super fund trustee, we are required to act in our members' best interest, which would include the members' best financial interest. However, this does not extend to lobbying employers/the Government to provide employees with salary increases in lieu of superannuation increases. We are aware of our best interest obligations and always act in accordance with them.