



Annual Member Meeting Questions and Answers

The Victorian Independent Schools Superannuation Fund

(ABN 37 024 873 660, RSE Registration Number R1000436, MySuper Authorisation 37024873660599)

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Member Q&A Session

Mr Buckingham thanked Mr Sharples and Mr Ng for their presentations and noted the panel would now respond to questions that were submitted online prior to the annual member meeting and then to any questions submitted during the meeting.

A series of questions were submitted by members, with answers provided as follows.

Question 1

How does the Growth option compare against other funds in terms of performance? For example, index funds and the ASX.

Answer from Mr Ng (Director, Russell Investments)

Typically, we compare the performance of the VISSF All Growth Accumulation Option with other super funds that have a similar level of growth assets (i.e. shares, property, and infrastructure). To do this we compare the net of fees and tax performance of VISSF to other super funds in the Chant West Multi-Manager All Growth Survey. This survey covers all industry segments including public sector funds, master trusts, industry funds and corporate funds.

The performance of the VISSF All Growth Option has been mixed relative to other super funds and it also depends on the time period we compare. The last few years have been challenging for active management, particularly for managers that have been underweight to the expensive technology focused stocks as Russell has been.

As the COVID-19 crisis escalated, the "stay-at-home" trade drove the prices of the really expensive tech stocks, like Facebook, Amazon, Netflix and Google, to even higher levels. Being underweight to these particular stocks challenged the performance of our equity funds for most of 2019 and indeed 2020.

However, starting in November 2020 things began to change with positive vaccine announcements and their global rollout and we have since seen a positive rebound in the performance of our equity funds in what we're calling the "re-opening" trade as they benefit from overweight positions to energy companies and financials, which did not perform well during the "stay-at-home trade".

Over the fund year ending 31 January 2021 the VISSF All Growth Option underperformed the peer median in the Chant West Multi-Manager All Growth Survey by 1.7% but performed in line with the peer median over longer time periods, such as 5 and 10 years. As noted earlier, the benchmark relative underperformance of the underlying equity asset class sector funds drove the peer relative underperformance. We note that such comparisons, particularly over short term horizons can be misleading given how quickly financial markets can move. For example, if we were to do the same analysis as at 30 June 2021, I'd make broadly similar comments, albeit slightly improved for the 5 and 10 year comparisons, but because of the "re-opening" trade continuing on past 31 January 2021, the 1 year comparison is much more favourable for the VISSF All Growth Option.

The VISSF All Growth Option outperformed its peer median by 1.7% over the year ending 30 June 2021 and was the 4th best performing option out of almost 30 options with similar levels of growth assets in the Chant West Survey. So in the space of a five month period the VISSF All Growth Option's peer relative performance has turned around by 3.4% going from underperforming by 1.7% to outperforming by 1.7%.

This comparison shows that past performance is not a guarantee of future performance and given superannuation is a long term investment for most members, it is wise to look past the volatility of short term comparisons.

Question 2

How does VISSF compare against other funds in terms of fees?

Answer from the Fund Secretary

During 2020, our administration fees ranked slightly below the median and our total fees were very close to the median when compared with products offered by other regulated super funds.

There are three components to our superannuation and pension fees. They are:

- an annual administration fee;
- a percentage based investment fee; and
- a percentage based fee to cover indirect operating costs.

We are committed to keeping fees and costs as low as possible. An unprecedented increase in regulatory change is making this objective more difficult to achieve every year.

For full details please access the relevant Product Disclosure Statements on the VISSF website.

Question 3

Is there a move to invest in green, ethical companies, and if so, have they performed well enough for us to invest in them, rather than in the typical Growth fund?

Answer from the meeting moderator

Given our intention to move forward with this merger, we will be addressing this question later in the meeting when we hear from Aware Super.

Question 4

Has VISSF sought independent advice concerning the proposed merger with Aware Super?

Answer from the Fund Secretary

The Trustee has sought independent expert advice in relation to the merger, which ultimately led to Aware Super. Initially from superannuation market analysts, Chant West, who were engaged to assist in providing information on some of Australia's top performing funds. Then subsequently, international consultants, PricewaterhouseCoopers were engaged to assist in further analysing potential destination funds that demonstrated alignment with areas the VISSF Trustee considered to be important to our members.

Question 5

VicSuper appears to have retained its identity and own investment offerings after its merger with Aware Super. Is this a possibility for VISSF?

Answer from the Fund Secretary

As part of our discussions with Aware Super when considering this merger, it was agreed that following the merger, VISSF as a brand and our investment offerings will no longer exist. But one of the reasons we chose Aware Super as our merger partner was the strong cultural values and strategic alignment, and we are confident that under the stewardship of Aware Super, VISSF's legacy will be honoured and built upon. Following the merger VISSF members will also have access to a broader range of investment options that we believe will continue to deliver for our members the kind of retirement they deserve.

Question 6

The moderator acknowledged receipt of a member question relating to anti-detriment measures and their combined pension transfer balance caps in the context of our merger with Aware Super. Given the complexities and personal circumstances provided, we will be responding to this member directly.

Mr Buckingham advised that as there were no additional questions during the meeting and moved on to the informal chat between Neville John and Aware Super CEO Deanne Stewart.

The following questions were received during the remainder of the meeting:

Question 7

Are the current VISSF investments dissolved at merger and funds reinvested?

[Answer to be posted to website: Yes, this is correct]

Question 8

Given the merger, are there any details that I need to provide my employer that the fund manager has changed? So, there won't be any hiccups with my employer depositing funds?

[Answer to be posted to website: No, you don't need to do anything. Aware Super will liaise with the Australian Tax Office to make sure employer contributions are redirected from VISSF to Aware Super starting from the merger date. They will also communicate with our participating employers, who will receive a welcome pack that includes all the new fund details.]