



NULIS Nominees (Australia) Limited ABN 80 008 515 633, AFSL 236465
Trustee of MLC Super Fund, MLC Superannuation Fund, DPM Retirement
Service, PremiumChoice Retirement Service and MLC Pooled
Superannuation Trust.

Responses to member questions not answered during the 2023 Annual Members' 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 relevant product disclosure statement. You can obtain the latest copy at <https://www.mlc.com.au/pds> (MLC) or <https://www.plum.com.au/tools-and-resources/forms-and-publications> (PLUM), or by calling us on 132 652 (MLC) or 1300 55 7585 (Plum). Past performance is not an indicator of future performance.

1. *Why have managers such as MLC increased the fees on their cash account under the wrap platforms is it because they can as I recall decades ago there was a general push to decrease management and admin fees yet only the managed accounts and ETFs have lower fees?*

We regularly assess our fee structures and will adjust both direct charges and indirect fees (e.g., Cash Account) based on member outcomes and competitive positioning. In 2018, we negotiated a more favourable rate on cash, passing the savings to our members. In 2019, we also reduced our direct administration charges. Despite rising costs, we have maintained lower fees during periods of low RBA rates. During our 2022 fee review, we determined that adjusting the Cash Account fee in March 2023, rather than increasing direct administration charges, was the most suitable method to cover additional expenses. The Cash Account is designed for short-term liquidity needs, and we aim to offer members a cash rate similar to transaction bank accounts.

2. *Will superannuation be taxed at a higher rate if you own your own home in effort to force Australians to downsize their principal place of residence?*

The Government has not indicated it is looking at policy changes related to taxation of super for homeowners. It has made statements focussing on members maximising their retirement savings.

3. *What is the significance to the deletion of the MLC logo from your correspondence?*

We understand you are enquiring about the absence of the logo on the meeting notice. The decision not to include the logo on the invitation was made in the inaugural year of the Annual Members' Meeting due to the presence of multiple brands. It's important to note that all other member correspondence from MLC includes the logo, and the choice to omit it from the notice was primarily made for simplification.

- 4. As a long-standing MLC super client how concerned should I be at the serious decline in Insignia's share price (losing approx. 75%) in the past 4 years. This must make it hard to attract top quality staff.**

Insignia Financial is continuing to enhance its product offerings, systems, and processes to boost profitability and share price, all while retaining and attracting top talent.

- 5. Is MLC exposed to the market in China? (This question is asked in light of the recent issues being faced by Evergrande and the property market in the CCP. It appears that certain superannuation funds in USA may have exposure)**

Many superannuation or pension funds around the world will have some market exposure to China, given the scale and size of the market.

For the MLC MySuper Growth Portfolio option, MLC's flagship diversified investment option, we do have a small exposure to China of approximately 1% as at 31 December 2023. This exposure is obtained mainly through our global share managers who invest in both developed as well as developing world countries including China, India, Brazil and Indonesia.

- 6. I've recently received correspondence that our super funds are indirectly invested illegal Israeli settlements in the West Bank of Palestine. As Israel is now on trial for genocide at the ICJ, how do these investments fit into the ESG philosophy?**

Like most superannuation funds in Australia, the MLC Super Fund has some indirect exposure to Israeli or International companies involved in Israeli settlements in the Occupied Palestinian Territory through the underlying investments of some of our investment options. The exposure is generally small - for example, the total MLC Super Fund has approximately 0.06% exposure to Israeli issued holdings – including companies headquartered in Israel and Israel Government issued and Israel Corporate issued bonds.

At MLC, our diversified portfolios invest in a diversified range of assets across different sectors and different countries. With the exception of companies that directly manufacture tobacco products, we generally do not apply sector exclusions or screens to particular industries or countries, other than those sanctioned regimes currently implemented under Australian sanction law. Our specialist investment managers aim to identify companies which provide the best long-term value creation potential, including the integration of various Environment, Social and Governance (ESG) factors. All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

For more information on the NULIS Responsible Investment Policy, read more here:
<https://www.mlc.com.au/content/dam/mlc/documents/governance/nulis-responsible-investment-policy.pdf>

Whilst the indirect exposure to Israeli or International companies involved in Israeli settlements in the Occupied Palestinian Territory is small, we understand that some of our members may not want any exposure to these investments. If you do not wish to have any exposure to Israeli issued holdings, we recommend you consider your investment choices. You may wish to seek financial advice in relation to this.

7. Could you please briefly explain the new tax on superannuation monies over \$3M and remind us [of] when it will start.

About a year ago, the Government shared plans to limit tax benefits on certain high-balance super accounts starting 1 July 2025. If this becomes law, it might impact estate and superannuation planning for people with higher super balances.

Right now, the tax on earnings while you're working (known as the accumulation phase) is capped at 15%. But, with the proposed changes, any earnings on super balances above \$3 million in the accumulation phase could face a higher tax rate of 30%. This is still a proposal and certain details haven't been shared yet. We recommend speaking with your adviser to understand how it might affect your specific situation.

8. How often (quarterly, half-yearly, annually ...etc) are unlisted investments valued?

We regularly value the majority of our unlisted assets. Property assets undergo quarterly valuations, while infrastructure assets typically receive a combination of quarterly and semi-annual valuations. Additional valuations may occur outside the usual cycle if the manager perceives a significant impact on asset values. Our underlying managers' investment committee oversees the valuation process. Professional third-party valuers with the requisite expertise and resources typically assess the underlying fund investments. Valuer firms are rotated by the manager every three to five years.

9. Is it possible to have a retirement portfolio without any mining companies?

Completely excluding mining companies from your retirement portfolio is challenging, especially for Australian investors, due to the significant exposure of the local share and bond market to the mining sector.

At MLC, our diversified portfolios invest in a diversified range of assets across different sectors of the economy. With the exception of companies that directly manufacture tobacco products, we generally do not apply sector exclusions or screens to particular industries, such as the mining sector. Our specialist investment managers aim to identify companies which provide the best long-term value creation potential, including the integration of various ESG factors. All investment decisions, including decisions to exit any holdings we have, are underpinned by our purpose to help members to achieve their best financial position in retirement.

For MLC Superannuation members, we do offer the MLC Socially Responsible Growth option which does incorporate some investment exclusions that extend to the mining sector (namely, the exclusion of companies that derive more than 10% of their revenue from thermal coal production). For more information on this investment options, please refer to the Product Disclosure Document. For more information on the NULIS Responsible Investment Policy, please visit:

<https://www.mlc.com.au/content/dam/mlc/documents/governance/nulis-responsible-investment-policy.pdf>

10. Explain what is meant by "responsible investment strategies" - is this code for investing in green energy? If so, do you set a different return expectation to conventional investment?

Responsible Investment is an established investment approach that incorporates Environmental, Social, and Governance factors alongside other relevant investment considerations. It remains neutral regarding the business activities of the underlying investments and does not explicitly affect the return expectations of any investment.

11. *For members who live abroad, what options does MLC provide for transferring superannuation pots to an overseas fund (e.g. in the UK) where there is a lower retirement age?*

Currently, superannuation legislation does not allow members to directly transfer their retirement savings from an Australian super fund to a foreign super fund, except for transfers to New Zealand under the 'Trans-Tasman portability scheme'.

Further information on transferring retirement benefits from Australia to New Zealand can be found at ato.gov.au.

12. *Is the MLC brand remaining part of our superannuation accounts or will it be replaced by IOOF? Who is the trustee for accounts that are being automatically transferred across to IOOF products?*

The MLC brand will continue to be used across our super, investments and advice offerings. MLC Wrap members will be moving to Expand, our flagship wrap platform, this year. IOOF Investment Management Limited (IIML) is the trustee of the IOOF Portfolio Service Superannuation Fund (Fund) and Expand Super and Pension products are part of the Fund.

13. *Will this session be available later?*

If any of our members couldn't make the meeting, or they would like to watch it again, we always make a recording available on our website within one month after the meeting.

14. *Any information you can share regarding MLC Wrap Pension moving over to Expand Extra pension?*

We plan to migrate MLC Wrap and MLC Navigator (and associated badges) to Expand Extra and Expand Essential by 1 April 2024. This migration is a crucial step towards streamlining our product offerings and improving the value and experiences for our clients and advisers. For more information, please refer to your significant event notification letter or contact us.