Annual Member Meeting 2020

[MUSIC PLAYING]

Good evening, everyone. My name is Peter Promnitz. I'm the chairman of your super trustee, NULIS. Welcome to our first annual member meeting. To start, I would like to acknowledge the traditional owners of all the lands on which we meet. I pay our respects to their elders past, present, and emerging, recognising their connection to land and water. I'll also acknowledge any Aboriginal or Torres Strait Islanders here with us tonight.

Our job at this meeting is to offer you as much insight and information about your super fund as we can to answer your questions about MLC, the super landscape, your super fund, and the outlook for investment markets. As we start, it's important to remember what your superannuation's for. It's to make your retirement as easy, as comfortable, and as stress-free as possible.

What will that retirement look like? Well, that's up to you. I know for many people, it means the end of years of hard work. For others, it's about more time with other people, especially family, or other places when all the airports are busy again. For some, it's a chance to try something completely different, like volunteering or part-time work in a field different to where you work now. Whatever you want your retirement to feel like, being engaged with your super, attending meetings like this, reading your statements, talking to your advisor if you have one, means you'll make better superannuation decisions and, I think, increase your chances of a more enjoyable retirement.

This year, that outcome, a comfortable retirement, looks a bit further away for some people. Interestingly, the negative effect of COVID-19 on investment markets has pretty much been washed away, something MLC's chief investment officer Jonathan Armitage will talk about later. But COVID will affect people's income and savings patterns.

For many people, getting back in control of their super savings is going to be tough. That's why we've asked Paul Clitheroe along tonight. He's one of Australia's most respected financial journalists and analysts. His long-running Money TV show made a real difference to financial literacy in Australia. Paul is going to talk about how you can plan for, prepare, and enjoy retirement, even when times are tough.

After he shares his views, I'll be back to talk more about the superannuation landscape and how we're looking after your money. I hope you enjoy Paul's presentation. Thank you.

Well, a very good evening to you all. It's an absolute pleasure to be here. I know it's been quite a year this year, hasn't it, one that we've often talked about, I think. And certainly in my world, we often reflect on what can go wrong with the world and investments and obviously, we look back through history, and we see pestilence and pandemic and World War I and World War II and great depressions of the 1880s and the 1930s and, of course, the GFC. Much can happen to us. But my job tonight is to try and paint the big picture before you start getting into, obviously, a fair bit of detail that everyone needs.

But I should say, actually, this really is a treat for me. I'm not kidding you here because I actually first got involved with MLC back in the Dick Dusseldorp days in the early 1980s. And Dick Dusseldorp borrowed me part time for probably some 18 months. And I went over to MLC with the wonderful John Morschel and watch the evolution of MLC turning into a modern business.

And funnily enough, MLC actually had a part to play with me ending up on the Money show on Channel 9 because one day, Ian Crow, who was the chief operating officer there, the financial controller, said, oh, boy, I can't go down to Kangaroo Island to do a talk for some six or seven Rotary Club members, and asked if I'd duck down. So MLC's actually had quite a lot to do with my life.

Then we roll into later activities. In fact, to be quite honest with you, I'm not exactly sure of the date. But it was certainly in the early 1990s when I did exactly this with Dick Morath. And we actually went around the country rather than doing it by video like this. I've got to tell you, this video Zoom stuff is OK. But there's nothing like face-to-face.

So we trotted around the country doing exactly this some, crikey, 26, 27 years ago. And let me tell you, you know, the absolute rules of all this really haven't changed that much. What we're going to do is we're going to take a look at a couple of slides. Let's pop on to our first slide, please.

So basically, what we've got here is, what I want to try to do today is, really, coming on to the money laws of gravity remaining the same is that what I've really found is that nothing has changed since the presentations I did for MLC probably a quarter century ago. Now, I have quite a few slides here. We might pop that off, and we can, well, I can't look at you. You at least can look at me.

So basically, what I mean by this, excuse these things. Didn't have these 25 years ago either. But sadly, along with the rather grey hair, life is that I can't see my notes without them anymore. It's sad, isn't it? But basically, nothing has really changed. And what we used to talk about with the money laws of gravity, which I did on the Money show so often, is what really makes a difference.

And the rules are, of course, look, I'm kind of speaking to the converted here. Because what I do find in a way, I find a little frustrating but pleasant, is that in a sense, the reason we're all here today is we're interested in our money. We've built up wealth through superannuation, amongst other things, probably a home and other investments. And that's absolutely fantastic. So in a sense, I do think I'm speaking to the converted. So you probably know the rules as well as I do.

But the one I really am still struggling to get through, and I've chaired financial literacy for the federal government now for some, crikey, I think seven or eight prime ministers and 40 or 50 years through the schooling system and universities and communication. And really, what we're trying to do is we're trying to get people to realise that financial literacy is simply spending less than you earn. It is that simple.

And we all know friends, colleagues. We all know people who may not have earned a lot of money, but they're well off. And the reason for that, of course, is it is not what you earn that counts. It is what you spend. And that rule, COVID or no COVID, that rule has never changed.

The other ones are also important, of course. And you understand them. Risk and return is true, one of the few truisms about money. Compound interest is the truth. These things are the truth. And so many spruikers, of course, are not speaking to us or the younger generations about the truth. I keep hearing, you know, get rich quickly.

The one I really hate and whether you're a retiree looking for higher income, which we'll come to during this presentation, whether you're younger in wealth creation, the one thing that will always be basically a fib is the idea that we can earn more for no more risk. Look, really, the only way we can get ahead through our lifetime, I don't care how much you earn and how rich you are unless you won the lotto every second Monday or something. The reality is it is spending less than we earn. And you listening tonight, you all know watching tonight. You know that works.

Now, what about the future? It's been a bit of a rattling year, this one. We've all been a bit rattled. Let's go to an important slide for me. And this slide simply looks at the world population.

Now, why do I want to look at this? Well, look, for me, moneys always been a little simpler. Maybe that, as my uni mate said, it's because I'm not too bright. And I accept that is a valid criticism. But basically, what I know is it is all about demand. If I'm going to buy a property, it is about population growth. If I'm going to buy shares, it is about demand for underlying goods and services.

And I don't need to be Albert Einstein to work out that demand comes from we humans. We are a little economic miracle. Honestly, it's really quite extraordinary. So take a look at these numbers with me, please. So what we've got here is world population of about 7.8 billion.

Now, what I've done with this, by the way, is I've actually cheated a little bit. I've taken the World Bank figures, and I've actually run them out to December 31. Excuse my little fib here. But look, unless we get hit by an asteroid the next two weeks, and it would need to be a darn big one, these numbers are going to be really robust.

So births this year about 137 million. Sorry about this one. Deaths this year, about 57 million. And then, of course, we've got, what does that all mean? It means we've got some 80 million people on the planet in this four-month period. Now, that's really important.

Look, COVID is dreadful. Not for one second would I attempt to say it was anything but that. And like you, I'm concerned about it. I'm concerned about where we're going. I'm worried about vaccines. Look, I'm worried about all sorts of stuff, basically. But I can tell you right now that even the dreadful numbers out of America we are not going to see, unless something really turns differently here, I do not believe we're going to see 80 million deaths from COVID this year. I certainly hope not, by the way.

So basically, the world population is going to keep on growing. And what does that mean? It means a lot. Let's just get rid of that slide. Thanks. And we'll just pop back to the main screen.

So what does it really mean? For me, it simply means, look, at school, I learnt this thing about aggregate demand. And that was pretty important to me as a youngster. I think it was first year of high school, listening to a commerce teacher, I think. I don't think it was even called economics back then. I think it was commerce. But basically, it was about aggregate demand.

And we humans are primary generators of demand. Let's not forget. I know we're all very-- we should be, nervous about China and our export markets and so on. But let's not forget that we as individuals generate some 60% of economic growth, plus or minus. But basically, we're pretty important.

So as the population grows - and I follow with fascination world population growth. I follow with fascination what's happening in Australia. And I watch as the predictions see Melbourne and Sydney at slightly over 8 million people in only 30-odd years, taking Australia's population-- look, it depends which analysis you look at, I guess. But Bureau of Stats says, round about, there's 35 million people.

Now, what does that mean for things like property? More people. What does it mean for things like businesses? Do, for example, you think that if our population grows by an extra, what, 11 or 12 million people, maybe we'll eat less? Maybe we'll drive fewer cars or use less fuel.

Look, I really don't see that. To me, the logic and a lot of the logic we've had, the reasons we've enjoyed decent returns around the world from investment markets here in Australia through property is not because we're little geniuses. It's simply the growth in our population is pushing up demand, of course increasing life expectancy and so on. There's a lot of good stuff going on out there in the middle of some pretty bad stuff.

So let's switch to our next slide, please. And that looks at age-based strategies. Now, I need to be -look, it's hard here. I know I'm talking to people of all age groups. I'm 65, by the way, if you're wondering. So I fit into that that, I'm in that third category, preretirement, getting closer to retirement.

I don't really like the word 'retirement' by the way. The word I prefer a lot more is 'financial independence'. And I'm regularly speaking to people not about retirement, but about achieving financial independence.

So you choose what behaviour, how you want to lead your life. But let's take a quick look at these. And we'll pop that slide away for a sec. Thank you.

So in our early years, well, for me, the early years you know, I get all this stuff about, what about kids and pocket money and grandkids and pocket money? And absolutely, much to my great joy for Vicki and myself, we have actually had a grandchild last year, and just in the recent weeks, we've had a second grandchild. So we're very excited.

And like many grandparents, I'd like to add some value to my grandkids without boring the daylights out of them as they get older. But we started out by doing what my Mum and Dad did for me and my sister. And yes, we have bought them a small investment. And basically, we tend to go-- we agree with MLC on this one. We do think Australia's a pretty small place, and the globe is a pretty big place.

And so we tend to buy just some sort of sensible, low-cost investment. You can talk to MLC about that. You can talk to all sorts of good people about that. And we do think by doing that and adding maybe a bit of money on birthdays and stuff, we do think that we'll really do well for them, as it did for myself and my sister over decades. Small amounts of money sensibly invested do amazingly good things over a couple of decades. Absolutely fantastic.

So in the early years, then we move into unis and so on. I'm really huge on education. And you've probably seen me banging on about this in Money Magazine and the Money TV show, whatever it may be. I really think youth is about knowledge.

And if a youngster said to me, look, I've got a bit of money put aside. Do I work an extra, do I keep up my part-time job and work two days a week, or do I take that trip once we can travel again, for heaven's sake? Or do I take that trip away?

I'd still be saying, take the trip. I think life at an early age, that experience, knowledge, that learning, please encourage them to do the extra qualification. Do the extra part-time thing. Part-time work is great.

Yeah, look, pocket money for younger kids is all very good and well. The way kids learn most-- I'll tell you this, mum and dad. Where kids learn most is watching Mum and Dad's behaviour. I think that's really pretty important. They learn a lot from what you do right and what you did wrong. And what I would ask you parents, the most valuable thing you can do for kids and grandkids is don't let money be a taboo topic. Talk about it.

It is really still - we know from our research we do through government bodies and private sector bodies, community groups, is that money is still a bit of a taboo subject. I understand that. If the kids say, Daddy or Mummy, how much do you earn, it's a pretty hard question to answer. You don't need to answer it directly. But you can get into the ideas about every family has so much money and a budget. And can we have a car or a holiday? Please talk about money. I thank you.

The next one we can do on our little slide there was your mid years. I know in my mid years, three young children, big mortgage. And certainly in my mid years, I'll never forget January 1990, when our mortgage hit 18.75%. And there wasn't much point talking about investing money.

Basically, we were struggling to pay the mortgage. We were struggling to only spend what we earnt, let alone save anything. And of course, no compulsory super back in those days. Things happen. But basically, in the mid-life, you kind of do what you can do.

But where it does start to make a big difference is kids get a bit older. Maybe your job has gone a bit better. Your business has gone a bit better. Yeah, look, reality isn't always bad news. Lots of good things happen to people as well. And life regularly gets better. And then, of course, we can start to invest.

Then we come to, of course, our preretirement stage. And the only thing I would say that's important about preretirement- and gee, you know, myself and many other people out there- there's many sensible people talking about money out there. But basically, what the sensible people have always said is that as you get to this stage in life, please have a couple of years of cash on hand.

Now, look, Vicki and myself do that. And I know we're earning 0.24% or 0.3% or something like that. But what I can't do, is if I go too heavily into growth assets, and my dividends fall away or I get a bit of a rent issue with the property, the reality is I need to eat. My income is falling. I'm eating off the assets I've created over my working life along with my family. And we really like the idea of a bit of a cash buffer. So if tough times come along, we are not selling quality assets at discount prices. Remember March. Market fell, what, nearly a third due to COVID. GFC- it fell nearly half. Markets tend to recover, of course. But I don't want to be selling quality assets, particularly things like property, in a downturn. So I need a few reserves.

Retirement - we'll talk about that a little bit more as we go along because it is very different in that the one hugely different factor is, of course, where we are on the interest rate side. I never predicted this. I don't think anyone else really did. And seeing rates where they are is really quite extraordinary. But I would like to come to that coming up next.

And in fact, it very quickly takes us to our next slide, which I think is important to many people listening tonight -- not all of you, I know, but many people. We'll try and cover everyone.

Income strategies in a time of historically low interest rate. Now, I've got friends my sort of age who have taken a very conservative strategy and have an overweighting of things like term deposits in their portfolio. That, of course, is not an ideal situation. The solution, of course, would to have been I think what hopefully most of us have done throughout our lives. And that is run a diversified investment strategy.

I find it really interesting. For me, the GFC, I was probably still working pretty much full time there. But particularly for me, COVID has been fascinating now working a couple of days a week and, if you like, using it to stress test my strategy as I get closer to full retirement, when I'll be utterly reliant with my wife Vicki and fam and so on around the asset base that we've created. And the stress test has been really interesting.

It reminded me of something, you know, the old thing. For heaven’s sake, I know we tend to be driven by fear and greed. I'm as bad as anyone else here. When stuff's going really well, gee, I like the idea of buying it. Boy, when stuff's going badly, I really like the idea of selling it. I generally don't bother.

Because what I find is even if I do sell closer, usually by accident, in my case- to a market high and I've got a bit of cash on hand-- let's say, for example, that I had sold-- I've been incredibly clever, which I'm not. And I've sold just pre the COVID downturn in March.

The trouble in that, of course, is then you're sitting on cash. And then you watch the market rise in April and May. And you're probably thinking, oh, it's just a dead cat. It's just a dead cat bounce. This is going nowhere.

And I suspect I'd find myself still holding cash today when, of course, the market has got back nearly to where we were in March. And in fact, big overseas markets like the States have actually enhanced their position. So it may not be - it's because I'm just not a genius, I guess. But if we were, we'd all be billionaires.

Let me tell you, market timing is a mug's game. I think we'll end up doing what all humans do. And I think we'll end up probably buying when stuff's too expensive and probably selling when it's too cheap. So I tend to go with sensible, diversified strategies and hang on to them. I'll let population growth, growing world economic growth, and so on do the hard lifting for me with the magic of compound interest.

So back to our income issue. What do you do from that position today? And, well, Vicki and myself have re-evaluated that as well. I don't particularly like earning about a quarter percent of my money. I know it's safe. And I know we could buy shares - more shares, sorry. We've only got a certain proportion in cash. I guess we could buy more property and seek higher rental returns.

But we've actually decided that our asset allocation, which I, what percent of money we've got in what places. We actually reckon we're about right. And that is, that if we assume that dividends might halve or worse, we assume we don't get a bit of rent for a while, and so on, we actually think the cash we've got with some dividends coming in, a little bit of rent, we actually think the cash that we've got will probably see us survive two or three years without having to sell assets. And we actually think that's a sensible plan.

So basically, if I look around me, I hate the rate I'm getting on that part of my portfolio. We've decided to grit our teeth and stick with it because, historically, I think it is absolutely the right thing to do. And I'm a firm believer in looking back over economic history. We are going to get more dramas, I'm afraid.

Look, I wish I could say to you that we've been through at least COVID in our lifetime. But the reality is we only had the GFC a little while ago. Look, a whole bunch of stuff is going to happen. And I want you to have, particularly as you get into preretirement or retirement, I want you to have a robust strategy.

For retirees, the only answer around income is if some nitwit says to you, don't worry, here's this investment paying-and I'm seeing them around, by the way, offering you 10% or 12% secure income return on your money. Look, do me a favour, will you, and run for your life. But how often do we need to see this? Estate mortgage offering us huge returns, goes broke. Pyramid Building Society offering huge returns goes legs up. And then we move into all the scams and schemes we had, particularly in Queensland.

I spent a lot of time with the Money show looking at a very small number of firms, by the way. This is only a couple of firms causing most of the damage. They're called the solicitor's mortgage. Most solicitors wouldn't touch it with a bargepole, by the way. And these weren't the sort of mortgages you were thinking about. These things were offering 10% or 12% returns secured by property.

Turned out the valuations weren't accurate, the property wasn't worth what it was, and so on. Look, if someone is offering you a higher return on your money, and they say, we can get you higher returns with no more risk, I'm repeating myself - run for your life.

If they say to you, carefully look at your situation, professional advisor. We believe you've probably got too much cash for safety. And in fact, you can diversify a little. And we think you will get higher returns for a higher level of risk, then I think we're starting to have an honest conversation. There are just no free lunches out there with money whatsoever.

Look, it's really sad that there is just not a magic pill. I wish I could give you one. All I can give you is planning, budgeting, trying to spend less than you earn, and a diversified policy that includes global assets. For example, where this China export thing goes I've got no idea whatsoever. Hopefully through the diplomatic process, things will get better, not worse.

But we are a small economy exporting. And if we're under 2% of world economic output, I really would be uncomfortable with all of my money in this country, as much as I love this country. And I don't mean going and hiding it somewhere. I mean simply buying, as you can do with MLC or a whole bunch of other highly competent, good people, buying yourself diversified global policy.

And the great joy for me, folks, is these days, unlike the old days, you can do it really cheaply. And cost is something I want you to focus on. Because at the end of the day, an investment return will be the investment return you get from the decision you make based on the assets you choose, your risk profile, and all the stuff personal to you. But this day and age, an MLC is certainly part of this.

Basically, it's that you can actually get fantastic quality assets around the planet for significantly lower cost. And cost is a certainty. An investment return is a plan for hope, particularly capital growth. Income's more predictable. But at the end of the day, investment cost is really important to your money. So I strongly suggest we keep a close eye on that.

So income strategies can only come through diversification. You are not going to get significantly more income, as much as you might want it, without taking a little more risk. That is for you, to judge and balance, seek the advice that you need if you do need that advice. And please deal with a professional, fee-charging advisor. If the advice is free, it'll probably be crud as well. You get what you pay for in this life.

Let's get rolling along. What about investment growth strategies? It's an important one, isn't it? I don't need that slide up for too long. I think we know what we're going to talk about. We're going to talk about growth.

Now, here we're back to my slide about the world. We're back to my slide about the world population. So why can I stand here and say, as I have been doing for, crikey, I started doing radio around money in 1979. This is really embarrassing.

But what I was talking about then was things like basically-and it was harder to say back then, funnily enough- investing for growth rather than income. Because sometimes there, by the way, term deposits were crank up. When Vicki and myself were paying 18.75% on our mortgage in January of 1990, I remember my Dad ringing me. He was very excited. He was getting 17% on a term deposit.

I sometimes think the system forgets the fact that many of us are now fairly reliant on the returns we're getting. And in a sense, I've probably been driven to take a little more risk because getting zero on our cash is challenging. Holding more cash than you need to be safe is actually a challenging issue at the moment. But a lot of that will be up to you and your personal comfort levels.

So basically, investing for growth, I think, is a bit easier. Because number one is that we're not going to be investing for growth unless we can talk about a minimum five years. If someone says to me, oh, you know Paul, I'm a younger person. I got a house deposit put aside. I hope to buy later this year, but I whacked it in shares. And I go, oh, for heaven's sake. Why didn't you whack it in a brown paper bag and give it to me?

Look, it may work OK. But you can't hold growth assets for a period of time. In my view, I think it's really, and I've said for 40 years now. And maybe I'm too conservative. I'll cop that criticism. But I think five to seven years is probably really what you need to do with growth assets. I just don't see how we can time the cycle, peak the cycle, peak what's going on.

But for me, big question all the time I've got as I wander down the street this afternoon-- someone says, oh, Paul, what do I invest in? I go, I don't really care what you invest in as long as you've thought about it and you do something. I've got some folks who have been talking to me or dropping me letters or emails now for decades that have never quite got round to making a decision.

So basically, whether you prefer quality shares over quality property, whether you prefer 24% global or 27% global or whatever it is you prefer in your investment mix, I am honestly not particularly stressed. Because if we take that five to seven-year cycle, I think those assets, in a growing world population, a growing Australian population, I think that actually will outperform cash at bank.

Cash is our safest, lowest-risk investment. It makes a heap of sense to me that other investments where there is more risk, and let's face it. There is clearly more risk in property and shares with higher returns over time. The way we mitigate risk is not timing the market. It is time in the market. And I feel just really strongly about that.

Now, in our remaining time and I promise not to bore you for too much longer. But in our remaining time here, we need to take a look at life extension and the kids. I probably didn't summarise quite, let's leave that slide there for a sec, please. I probably didn't summarise quite as well as I did.

I am arguing that with growing world populations, growing wealth and life extension, and basically the average person is getting wealthier around the planet. I am simply arguing that with growing populations and steadily growing wealth and people living longer. I am simply arguing that quality shares, well located quality property, and so on, the sort of property you'd buy in a superannuation fund, industrial and commercial, the stuff you and I can't afford to buy, I'm arguing that will continue to do very well.

But now, my personal thing at the moment, I guess, life extension and the kids. Let's pop that slide away, and let's have a little chat to each other about life extension of the kids.

So the world has changed, OK? As I mentioned, I'm 65. My wife's just slightly younger than me. We've got three adult grown-up kids. Oldest is 32, 33, and going down to the poor little one's always going to be called the baby, number three, Ellie who's 26. Poor little thing. She's always little thing, my 5' 10" daughter. She's always going to be the baby of the family. I guess that works for all of us.

But the thing is that what all the evidence is that, like you, we do our blood tests and see the doctor and blah, blah, blah. And we may drop dead, tomorrow but it's statistically pretty unlikely. In fact, there's every chance, particularly Vicki, we'll live into our 90s.

Now, I pass away is the statistical likelihood. Yes, by the way and I hope you have done this, by the way. Yes, wills and estate planning is all in place. If you haven't done that, well, get off your-- no, don't go now. That'd be rude to MLC. Tomorrow morning, get off the couch before you study this. Get it done, will you?

And if your situation's changed, please change your estate management, for heaven's sake. Remarriage, whatever it may be-- please. Half of Australians still don't do this. It drives me utterly insane, OK? Please don't leave a mess when you go. And we will go, sadly.

But back to my point, though, let's say my wife lived to 90-something, who does she then leave (because, obviously, I go first, the money goes to Vicki, very sensibly), in her 90s, does she then leave money, what, to 72-73-year-old children? Now, look, this is just an absolute stroke of genius, wouldn't it?

So a family transition plan was not necessary 100 years ago because we dropped dead too early. It was only 1908 when the pension started. Why didn't blokes get their pension at 65? Because in 1908, they died on average at 58. Basically, very few people got there.

But in just this period of time, we are living so much longer. And that is different. The money laws of gravity may not be different, but life extension is different. And I want you to think about it. I want you to talk to your solicitor about how you do that. Talk to your advisor. Do whatever you need to do. But basically, how are you going to transition?

Because the other interesting thing, and this has been bashed around in the media a bit lately. A bunch of us who are money aware, and many of you listening tonight, if not all of you, sorry. If you're listening and watching tonight, you are money aware. So basically what we've got here is a situation where most of us, Vicki and myself included we are probably going to die rich because we've worked so hard to spend less than we earn, as have you. We worked so hard to build up some wealth.

And the idea-- happy to spend the interest and the dividends of it. But gee, you know, crikey, I'm still not really ready to see it go backwards. I’ve have got this feeling that this is in my DNA, probably like yours. And I suspect many of us are never really going to go backwards in a planned way at all. We're really conservative folk, all of us, which is why we've got a few bob put aside.

So simply, I'd like to finish on this really critical point. Please, you will go one day. I will certainly go. About the only thing I will guarantee is I'll be gone. Please have a plan in place for that day. Your estate planning, how are you going to handle that, in our case, with our kids as adults, we like to take our kids to legal people with us. But that is a very, very personal decision. I'm going to let you make that one. But the more you can involve the family, the better.

And also, what is a sensible transition plan? And if one of you does make it to 90, you really need to think about, is giving 70- or 60-year-old kids an inheritance-- is that the right way to handle it? So with that one, I have to leave with you. I'd like to put the thought in your mind.

So what I'd like to do now is leave you in peace. Thank MLC very much for inviting me tonight. Thank you for listening to me. And for many of you, probably you've been stuck with me for 30 or 40 years. And I thank you for your patience. I really haven't, it's been a privilege, to be perfectly honest with you. I haven't finished yet. I'll still be annoying you for a while longer yet.

But with that, I'd like to leave you to the formal part of the presentation. And in particular, from our family, Vicki, myself, and the kids and our two new grandchildren, how exciting is that? We'd like to wish you a very Merry Christmas and a really successful next year, hopefully with a good COVID vaccine. Thank you.

Thanks very much, Paul. I think there's lots of food for thought in what you've said for all of us. Good evening again, everyone. I've been working in superannuation for many years now. And one of the things I enjoy most are member meetings. I've been at member meetings in breweries. I spoke at one a kilometre underground in a mine. Been to a whole variety of places.

But an online version is a first. I'm sure it's a first for many of you, too. But I hope you and members get what you want from it, an understanding of the environment from MLC Wealth, the company that looks after your super. Tim Steele, who heads up MLC's super and retirement division, is going to cover that off.

An explanation of what happened in investment markets, short and long term, and what that means for your super, Jonathan Armitage, MLC's chief investment officer, will be providing that. And most importantly, a chance to ask us, the trustee and managers of your super fund, questions about what matters to you when it comes to your super. I hope-- I believe-- you will leave us tonight knowing your super is in good hands and set up to help you enjoy your retirement.

This meeting covers four funds which look after the super of a million Australians. As with most super funds in Australia, there's a very specific structure designed to make the fund run efficiently and protect your interests.

MLC Wealth, which is where Tim and Jonathan come from, well, it's MLC Wealth's job to run the super fund, to manage your super investments as they grow, and to manage your retirement benefits when they start to get paid out to you. Along the way, MLC provide other member benefits, including access to insurance, educational services, and member discounts, and so on, which Tim will talk about in a minute.

I'm the chairman of NULIS, who are the Trustee of your super funds. We work for you, the members. It's our job to make sure your super fund is properly administered for your benefit. We have an obligation to put your interests first in everything we do.

I'm speaking to you today representing the NULIS board. The board currently has seven members. Four of those have been on the board for 12 months. And all are highly experienced and skilled directors. Six of our seven directors, including me as your chairman, are independent, and all are nonexecutive. So we have a group of directors with a high level of independence and very broad financial and superannuation experience. That's a mix that, in my mind, means good governance for your super fund.

As mentioned earlier, I worked in super for many years now. I've seen it grow from something that very few Australians had, and most didn't think about, to something that is in our newspapers most days. Superannuation now has a major role in our economy, in our workplaces, and, obviously, in your future retirement plans. So, I'd like to give you a brief summary of some of the major issues in super today.

Perhaps the most important are some changes made in the most recent federal budget. The budget announced what's called the stapling of super accounts, a process which makes it easier for employees to keep their existing super fund if they want to when they move to a new employer.

Working through the Australian Tax Office, the government has committed to the creation of a new Your Super portal, which will display fee and performance information for My Super products. If you join a new employer, you can use this portal to select your new My Super product. We think these are two sensible reforms, and, perhaps not surprisingly, the budget did nothing to reduce the many tax benefits of super and resisted any further tinkering in areas like self-managed super.

I'd like to talk very briefly about IOOF's offer to purchase MLC from the National Australia Bank. Tim will go into this in more detail. But put simply, as trustee, we're working with MLC Wealth, NAB, and IOOF and we're independent of all of them-- to make sure that your interests are being looked after.

The last thing I would like to do before I hand it over to Tim is give you a sense of the questions we're going to cover in the Q&A session later. We've already received many questions from members as, in the session to follow our speakers, we will be discussing fees, the IOOF transaction, the investment outlook, plus a range of other questions.

You can submit questions online while this meeting is on. A reminder that for privacy reasons, we can't answer any questions on your own super account. So if you have those kinds of questions, we'll refer you to our customer service teams. But please, submit your general questions during the meeting. We'll have written answers to any questions we don't answer tonight made available on our member website within the next 30 days.

I'd like to thank you again for joining this meeting with us and look forward to your questions during the Q&A session later. So now it's time for me to hand it over to Tim Steele. And Tim's actually going to start with a short video about some of the amazing groups of people we were privileged to work with this year.

[MUSIC PLAYING]

This has been a year nobody could have imagined. Rather than retreating, Australians rallied. Our focus was on helping the people and communities we work with. We got money into the hands of members in need.

When COVID took its toll on Australians' mental health, we did our best to help. We worked with the First Nations Foundation to help Indigenous Australians make the most of their super. We worked to help women bridge the super gap. And we're supporting the next wave of our youngest, brightest swimming talent around the country.

In a year nobody could have imagined, Australians pulled together. We always will. At MLC, we've shared our members' lives over the years. Booms and busts, pandemics, and long decades of prosperity. And we'll be there for you in 2021 and for many years to come.

Well, the video sort of sums up the year, doesn't it? A lot of tough times but a lot of resilience and hope too. I'd like to echo our Chairman and thank all members for joining us online. We have around 2,000 members registered to join us today, which is a great endorsement of this Annual Member meeting format and your interest in your superannuation.

Members come from both MLC and Plum funds. So today, I'm really talking across four super funds and two brands. Across those four funds, we have more than 1 million members. Of those members, you may be interested to know, we have members living in nearly 30 countries. In what we think is great news, the average member has been with us around 11 years, though we have one member who's been with us for more than 40 years. As you'd expect, our youngest member is 18, and our oldest member is 101.

Since it first entered the world's vocabulary, COVID-19 has come to affect us all. But what has been encouraging is the Australian spirit and our ability to pull together. The superannuation industry did that by supporting the government's initiative to give members early access to their super and help them when they needed help most, to do our bit. By the end of October, MLC had made 170,000 payments to more than 120,000 individual members.

While early access to their super made a big difference to people dealing with tough times, we know it's only part of the picture. Super is a long-term investment. And we believe in the power it has to set people up for a comfortable and dignified retirement. That's why, over the past few months, we've engaged with members to talk about how they can get their super savings back on track.

During the heat of the crisis, we talked a lot about market volatility. In April alone, we had over 6,000 engagements with members about this through webinars and member consultations. Now we're providing information on contribution strategies, how you can tax effectively get money back into super. To help with that, we released a workbook about how to plan your finances in a changing world.

We had a great response from members who had reset their financial goals due to COVID-19. All this information is part of our focus on giving members confidence that they can get their finances back on track. And this is something we'll continue to do as we move into a post-pandemic world. Personally, I share Paul Clitheroe's optimism about the future.

On a more practical note, we'll help you by reducing the cost of super, as we're doing with some ongoing fee changes. Over the past 18 months, we've done a comprehensive review of the fee structure across MLC super funds. In simple terms, we have reduced fees on our flagship retail super product. In our wrap funds, we released a new, more cost-effective wrap and moved many clients on to a new, more cost-effective structure.

Broadly speaking, what we've done is update products so that, whether you're a new client or someone who's been with us for years, you get the benefit of a more modern product and more competitive fees. It's a bit like switching on to a new mobile phone plan. You get the latest product and mostly lower prices.

One note I will make is that if you're a member of one of our workplace super funds, some of these fee changes won't apply to you. But that's simply because your fees are typically discounted anyway to reflect the benefits of scale that come with a workplace fund.

We know COVID-19 has had more than a financial impact. It's changed the way we live and the way we work. It's created uncertainty and isolation. And we've tried to do our little bit to ease that for members with some mental well-being webinars run by the doctors at a great group called Best Doctors.

In his session, Peter talked about changes in the super industry. You may be interested in National Australia Bank's decision to sell MLC Wealth to IOOF. I want to say a few things about this.

Firstly, proudly, MLC is one of the largest financial institutions in Australia. So this is a major transaction. And it's been worked through between MLC, IOOF, and NAB. And we're working closely with relevant regulators, such as APRA and the ACCC.

Right now, MLC Wealth and IOOF are two separate companies and continue to compete. But the most important thing for members to appreciate is that IOOF are looking to acquire MLC Wealth because of the size and quality of the business and the strength of its brand. As mentioned, we've worked hard to improve our products and services and to ensure that they provide the best benefits to members. And we think that that has played a part in the decision.

Whoever owns MLC, it's in everyone's interest that we keep delivering for members through investment performance, access to quality insurance through super, and through the quality of the support and service we offer you. That's why IOOF have made it clear that there will be no immediate changes to investment teams or our investment process. If the IOOF-MLC transaction goes ahead, the combined business will be one of the three largest superannuation funds in Australia. Over the long term, we believe the combined strengths and scale of IOOF and MLC will provide significant opportunities to enhance the products and services we offer you, our members.

As I said earlier, I'm a big believer in the power of superannuation to make our lives better. The key to that is long-term savings and solid investment performance. So to talk you through how markets and how your super fund have fared during this strange year, I'd like to hand you over to our Chief Investment Officer, Jonathan Armitage. I look forward to chatting to you more during our Q&A session later.

Thank you, Tim. And I'd like to add my welcome to everyone this evening. The obvious place for any investment review to start is with the market moves in this “pandemic year”. But at MLC, we take a long-term view when we look at our investments. Dramatic as this year's events have been, investment markets are constantly impacted by different issues.

The good news, as we can see from the history on this chart, is that market corrections are usually followed by significant recoveries. This is what occurred again this year in February and March, as the correction was followed by a very strong recovery in the following months. As investment professionals, the ability to take this long-term view is crucial when managing your money.

At MLC, we focus on well-diversified portfolios. The more you diversify, the less impact any one investment, or type of investment, can have on the return of your overall portfolio. This example is representative of our approach to investing. Most of you will have at least part of your investments in this or a similar portfolio.

While it shows the handful of major asset classes you have exposure to, if you look under the hood of each asset class, you'd see many, many different investments. The portfolio has multiple levels of diversification - across different investment managers that are selecting the investments, different countries, regions, industries, and individual companies. In fact, the portfolio you see contains thousands of different assets and securities.

So in such a tumultuous year, it's worthwhile reflecting on how we positioned your portfolios. We positioned the portfolios for both defence and offence. That is that they were positioned to provide a cushion against the worst impacts of market downturns but also setting up to take advantages of opportunities as strong assets were oversold.

Some of the techniques we use to manage turbulence include active rebalancing of portfolios. When asset values change, your exposure to strong-performing investments increases. That means that if they then fall, as often happens after a strong period of performance, you'd be overexposed. Rebalancing reduces that risk significantly.

Active monitoring and management of liquidity-- that is how quickly we could move out of investments-- is also important. We initiated new protection strategies during the year to protect the portfolio against market falls. Some of the things that we benefited from were being overweight unhedged global shares. Investing in global shares is important for long-term growth.

Additionally, when share markets fell this year, so did the Australian dollar, so the overseas shares we held in your portfolios were worth more to you in Australian dollars. We were also underweight Australian shares, which worked well because the Australian market didn't rebound as quickly as other global share markets. During the period, we increased our exposure to selected emerging markets because of their strong long-term growth potential. We were also opportunistic in allocating money to investments that increased in attractiveness when share markets fell dramatically in the early part of the year.

One area that we think has been very important is our private equity investments. These are investments in companies which are not listed on stock markets. And in this particular area, we have a strong exposure to technology and health care companies. And the performance during the year benefited from that exposure.

One of the most important aspects of active investing is being able to identify great investment opportunities, buying them at a great price and hanging on to them until they've reached the price you believe is fair value and then selling them. Sometimes that usually involves going through periods where the price falls as other investors don't necessarily see the same value as us, but over longer periods of time most of our investments play out as we'd expect. You need to be prepared to take investments over the long term and ride out short-term periods of turbulence.

Today, we're future-focused on portfolio risks, such as liquidity. We do limit how much we invest in unlisted assets, which are difficult to cash out of, because having too many unlisted assets can result in a lopsided portfolio, especially when markets are turbulent. That's why we were able to meet members' requirements for early super requests without any problems at all. This focus on liquidity also meant we were able to buy good assets at attractive prices while stressed investors were looking to sell them.

For most members, superannuation is a multi-year, even multi-decade investment. That means it's important your investments achieve returns that beat inflation.

As you'll see in this chart, the MySuper portfolio-- both the previous version, as well as the new, redesigned, age-based MySuper portfolio, introduced in March last year-- have delivered on their promise by achieving returns well ahead of inflation. In fact, one of the investment themes that we're acting on currently is the potential for global inflation to be higher than the currently extremely low expectations you see in markets. So we're investigating a diverse set of assets that may offer inflation protection at a reasonable price. And that includes our exposure to emerging markets.

The key immediate issue for markets and economies over the coming year will be the progress on containing the COVID pandemic. As you will be well aware, infections are rising again in the Northern hemisphere, and many countries in that part of the world have reimposed different types of lockdown.

Having said that, there has been encouraging news on vaccines. And it is likely that in the coming months, there will be several vaccines available to people. But the crucial issue here will be the ability for them to be produced in sufficient quantities so that they can be distributed globally, both to developed and emerging economies. If that happens in a timely manner, that will be a big boost for countries, communities, and also economies.

However, we do think that a little caution is required. We do believe that COVID-19 may never be completely eradicated, and we will have to live with the pandemic in some form, albeit our management of the virus will keep on improving. Thus, it's likely to be much less of a threat than it is today.

Turning to politics, a new US president is always a major issue for markets, given the importance of America to the global economy. Given the extent of political polarisation in the US, it's hard to be overoptimistic of a significant amount of cooperation between a Biden administration and the likely Republican Senate majority. Having said that, financial markets may well adopt a glass-half-full attitude because policy gridlock, for all its frustrations, will likely mean a continued extension of the Trump administration's low tax regime.

Turning to things closer to home, for the Australian economy, the outlook is interesting. In global terms, we have managed COVID well and our economy went into the pandemic in reasonable shape. Given these factors, our short- and medium-term outlook is quite positive.

There are three things that we think investors need to keep a close eye on-- firstly, any further controlled outbreaks of COVID, how quickly we can reopen the borders given the importance of tourism and the education sectors in our economy, and then the important balancing act that governments will have to undertake between the high debt that's been taken on and taking away the economic stimulus that's been provided too early. While these factors are interesting in terms of how we look at what's going on right now, as investment professionals, we need to cover issues that can impact longer-term returns. The rest tends to be just sort of noise because it probably won't really affect your investment value over 5 or 10 years' time.

Your investment options here range from “Conservative” to “Aggressive” depending on how much exposure they have to growth assets, like shares. As you can see, all our investment options here are comfortably exceeding their long-term investment objectives. These investment options aim to outperform inflation because we all need our superannuation savings to at least keep pace with the increases in prices in goods and services we use every day.

Having shares in your portfolio helps us generate a return above inflation over the longer term. But as we know, shares can move up and down, so we diversify across lots of different types of shares and invest in other asset classes to offset the fluctuations you can see in stock markets.

You may ask why our objectives are set over many years. It can often take several years for asset prices to reach what we believe is fair value. It doesn't mean that these portfolios won't achieve those objectives in a shorter time frame. But it can take several years in certain difficult market environments. That's why you need to be prepared to invest over the long term.

As investment professionals, we manage your money while taking account of both risks as well as returns. Some of those risks come under the terms of “ESG”, or Environmental, Social, and Governance, issues. There's been plenty of evidence over several years showing that assets that rate well on ESG criteria also tend to provide the most sustainable long-term returns for investors. We have a clear policy of actively engaging with companies to push improvements in nonfinancial factors, including their impact on the environment and climate change.

Here, we're just giving some examples of the investments we make that pass our ESG tests. So for example, in renewables, we have made investments in wind, solar, geothermal, and battery storage assets. If we look at the economy, particularly here in Australia, we invest in critical infrastructure, including assets like the Port of Melbourne. And one of the other areas that we have continued to increase our exposure to is social infrastructure and community. Examples here are investments in hospitals, schools, sporting stadiums, and also desalination plants.

It's MLC's privilege to be a trusted manager of the savings of over a million Australians. Thank you for investing with us and staying the course, building your retirement savings throughout this extraordinary year.

For more than 35 years we've been investing, we've steered our clients' and members' portfolios through dramatic event events, ranging from the 1987 stock market crash, to the end of the tech bubble in the early 2000s through the GFC, and now through the COVID pandemic. Sticking by the time-tested investment principles over that period, such as diversification, actively managing risk, and emphasising liquidity, has provided us with the ability to manage through those periods. We look forward to serving you in the year ahead.

And now I'd like to pass you back to our chairman, Peter who is going to manage the Q&A session.

QA Panel Session

Peter Promnitz: Thanks, Jonathan. So now we've reached what may be the most important part of the evening, a session where we can directly address your questions as members of MLC super funds. This Q&A section will run for about 45 minutes. Here's how it will work.

Across Melbourne and Sydney, we have a range of MLC executives and NULIS board members, including Tim, Jonathan, and I, available to answer your questions. Through the registration process, many of you have already submitted questions. And we have looked to incorporate answers to those questions in the presentations tonight.

In addition, many of your questions fell into two or three main thematic areas. We felt these were best answered during the Q&A, so these will be answered first. As you can see, there is a question box on screen where you can submit your questions now. There is also an option for you to vote on a question someone else has submitted so we will know which ones are the most important to members.

Here's one really important point. If your question doesn't get answered tonight or there's someone else's question you'd really like to see addressed, you can come back to our website to see a written answer to that question. So all questions will be answered, either in the 45 minutes we have now or in writing on the MLC website. And those written answers will be online within 30 days.

Just a quick reminder-- we can't answer any personal questions about your individual super for privacy reasons. So if you have personal questions, please contact us using the contact details displayed on the screen. So let's get started. Tim, can I ask you to read the first question?

Tim Steele: Thank you, Peter. And the first question is, in fact, an investment-related question. So best directed to Jonathan Armitage, affectionately known as Johnny. And the first question comes from Michael. Do we expect a COVID-19 slump in markets in 2021 or 2022, as it hasn't been that dire in 2020?

Jonathan Armitage: Thanks, Tim. And Thank you, Michael, for the question. We've seen an astonishing period for markets, particularly equity markets, in 2020 with the sort of dramatic falls in both February, March, and then unprecedented responses both from central banks in terms of reducing interest rates and also asset purchases and then also from governments, particularly through fiscal policy. And a very good example is the JobKeeper program here in Australia.

And what those sorts of investments have done is very much stabilise or cushion that very dramatic impact that the pandemic had on economic activity. And as those programmes came through, you saw a very strong rebound both in equity markets, but also in fixed-income markets. And so as we move into

2021, you are continuing to see that sort of government support and central bank support being a very important component in terms of keeping economic activity going.

I think as we look forward, there are going to be a couple of important things to examine. Overall, I think we're cautiously optimistic about the growth prospects for global economies. The things that we are going to be particularly focused on is the rollout of vaccines. We've obviously seen, in the last week or so, the start of the rollout both in the United Kingdom and the US. And an important thing to monitor is the efficacy of that vaccine rollout and the way that it will transmit back into helping economic activity get back to some more normal levels.

One of the other things that is going to be, obviously, crucial as we look into 2021 is the potential withdrawal of some of the stimulus measures that I mentioned earlier. And there's going to be a fine balancing act both for central banks and also governments to work through as you see economic activity return to normal levels, but also seeing those support measures being rolled back. But overall, we think there are grounds to be cautiously optimistic, particularly given that I think we've now got a series of vaccines which are going to be available probably earlier than we anticipated when we first entered the-- first saw the pandemic erupt earlier this year.

Tim Steele: Thanks, Johnny. I will now hand back to our chairman, Peter Promnitz, to facilitate the remainder of the Q&A portion of this meeting.

Peter Promnitz: Thank you, Tim. So we've got a number of questions both pre-submitted and being submitted through this meeting. So next question is for Tim from Johann. I'm not happy about the unilateral decision to introduce a trustee levy. What's the reason for it? And what is taking place on 1 December to justify the fee? Tim?

Tim Steele: Thanks, Peter. And thank you, Johann, for your question. And it is correct that on the 1st of December, we introduced a trustee levy of 0.02% across all products within the MLC Super Fund. And the levy was put in place to cover existing government levies, including replacing the current APRA levy of 0.01%. In addition, the levy was put in place to cover the cost that the trustee incurs in running the MLC NAB. This is part of a broader number of changes that we've made across our pricing over the past couple of years and has sought us to ensure that we had contemporary, competitively priced products that enabled us to continue to run the fund sustainably and compliantly.

Peter Promnitz: Thank you, Tim. I've got a question for-- I'll ask Kathryn to answer this one, a question from Olaf. How are you managing climate risk of investments and ensuring members benefit from the transition of business modes due to climate change?

Kathryn Watts: Thanks. And Thanks Olaf, for a very well-put question. The word "transition" is really important in there. We consider climate change two ways, from both an asset allocation perspective and also in how we assess our managers. In terms of asset allocation, we incorporate modelling of different climate change scenarios and the impact that this might have on different industries, countries, and companies, indeed, because each circumstance will be different. Some will be more reliant on fossil fuel, some less so, some more on renewables.

Then the next thing is that we look closely at what our managers are doing, our underlying investment managers. We look at how they think about and how they analyse climate change risks in the companies that they invest in and the companies that they choose not to invest in. The MLC investment teams also continuously looking at how they can evolve our thinking about what's clearly a very important issue to all of us and how it impacts our portfolios.

Peter Promnitz: Thanks, Kathryn. So there's some interest in the questions on the IOOF transaction. So perhaps I'll ask Andrew to answer the question from Emily. What does the

acquisition of MLC by IOOF mean for MLC members? What will happen when IOOF take ownership?

Andrew Gale: Thanks, Peter. And thanks, Emily, for your question. First key point, I think, is that your situation is looked after by the trustee. And any decisions around how your superannuation is managed and your investment arrangements and your insurance arrangements and the like are decisions which can only be made by the trustee.

So just as, at the moment, the current shareholder, MLC Wealth, the NAB group, cannot direct the trustee as to how your superannuation interests are managed, so too, will it be the case that under new ownership with IOOF no key decisions impacting your superannuation can be made unless the trustee is actually comfortable that they're in your interests. So our role as trustee is to, first and foremost, absolutely prioritise members' interests. And if there's any distinction or any possible conflict between the interests of members and the shareholder, our statutory responsibility is to prioritise members' interests.

In the longer term, we actually expect that the IOOF transaction will potentially be quite beneficial to members, not the least of which because of scale benefits. With the larger-scale benefit, economies of scale flowing through into fee structures, we would expect that to be beneficial.

The transaction itself is subject to regulatory approvals, both through the ACCC, which actually came through this week, and by APRA. Now, APRA is the prudential regulator. The key thing they'll be looking at is whether change of control is in members' interests. So they, too, are looking at exactly the same issue. And in turn, they'll actually be looking to the trustee to seek comfort that we're satisfied that that is also the case. So there's lots of checks and balances to make sure that members' interests are being covered.

So that's a broad overview. There's, obviously more detail which we can cover on different dimensions. But the trustee is basically the one looking after your superannuation interests, investment insurance, and the like.

Peter Promnitz: Thanks, Andrew. A question for Johnny. What impact does China have on investments via super?

Jonathan Armitage: Thanks, Peter. And it's a very important question. I think if we look at things purely from an economic perspective, China's the world's second-largest economy and growing at a very significant rate. And I think that very strong growth profile, particularly compared to other major developed economies, is obviously something that's important and worthwhile us paying a lot of attention to.

It's also a very dynamic economy. We've seen within, really, the last decade quite a strong shift away from an economy that was very resource-intensive to one where services in particular and also consumption have been an increasingly important part of the growth dynamic in that part of the world.

China is also a very important trading partner for Australia, which is, obviously, seeing some challenges in the short term. But when we look at the impact here domestically in terms of not just around raw materials but also the goods and services that are traded between the two economies, it's obviously an area that deserves an awful lot of attention. We continue to see that there are attractive investment opportunities within China.

I think it's important to note that we apply the same ESG-- so Environmental, Social, and Governance-- policies to China, as we do any of the other markets that we invest in. And so there's obviously a strong focus on making sure that any investments that we have in that part of the world are ones that we continue to, first of all, see abide by the policy that Kathryn outlined, but also we see as being sustainable over the medium to long term to make sure that we're providing the best long-term returns for you as our members of the super fund.

Peter Promnitz: Thanks, Johnny. A question for Beth from anonymous. Any thoughts about the government's retirement income review?

Beth McConnell: Thanks, Peter. And look, as a trustee company, we're very supportive of any government initiatives that help our members plan for their future income or to live well in their retirement. So we've welcomed the review into the retirement income system. And it's provided, actually, a very detailed report, I think over 650 pages long. And there are a whole series of observations about the retirement income system that I think will inform government policy for years to come. So we think it's provided a real fact-based assessment of the retirement income system. And we've welcomed it.

A couple of observations that are probably worthwhile mentioning. The first one is that, overall, the three pillars of our retirement income system is seen as continuing to be effective. So that's the age pension, compulsory superannuation or superannuation guarantee, and the third pillar being voluntary savings. Costs are seen as broadly sustainable. And a third observation is that there continues to be a need for improvement in understanding of the retirement income system by Australians who rely upon the system for their retirement.

So we endorse that finding. And I have to say that we are gratified to see the number of our members who use the calculators and tools online, who seek advice or read educational material or attend an annual member meeting such as this. And it helps everybody to inform themselves and to plan for their own retirement and make sure that their needs are met. So overall, we've welcomed it. And we'll be watching closely to see what happens next.

Peter Promnitz: Thanks, Beth. A question for Tim from Ludwig. Have the fees been reduced? Or is this another way of charging these difficult to work out? How can members find out what fees they're paying?

Tim Steele: Thank you, Peter. And thank you for your question, Ludwig. And look, I think this question relates to the trustee levy as well, which, obviously, we've already touched on. But members should have received, as is the case any time we change fees, a letter including a significant event notice 30 days prior to any change. And it would outline specifically what that means for each individual member, whether it's neutral, positive, or negative.

If you don't have a copy of your significant event notice or letter handy, you can always go to our secure website, log in to the website, and receive a copy of the significant event notice. You can also go to mlc.com.au and have a look at our product disclosure statements, which will outline the fees. And you can also call us if need be and ask our team to explain any questions you might have about the fees that you're paying.

But look, it is a good question. And I appreciate that you can't always work through this as easily as it might be our preference in explaining fees within superannuation, more broadly. But certainly, as we've worked to continue to enhance our communications to members, we've sought to try to simplify the messaging so it's very clear in advance of any change exactly what these fee changes mean for individual members. And as I said, you can also go to our website to get the latest information.

Peter Promnitz: Thank you, Tim. And Tim, I'll go straight back to you with the next question, from Samantha. How do you work out how much you need to have in super or investments for retirement? How do you know if you've got enough?

Tim Steele: It's a great question. And I think Paul Clitheroe gave us some insights on his view of funding retirement, including having two years of cash available to see out market volatility. But obviously, that depends on any individual's personal circumstances, including dependents and cost of living and their own lifestyle.

The best thing I can do is direct you to the abundance of tools that are available in particular online, either through the government website, or go to mlc.com.au. Proudly, the team have been working really hard to continue to uplift the quantity and quality of materials we have available, either through webinars or videos, to enable people to make better and informed decisions about their superannuation, including adequacy of retirement tools that they can then put in some of the information that relates to them.

And again, if they've got questions, they can either post those to us through that forum or contact our team over the phone to answer questions. We can typically over the phone only answer questions related to people's general circumstances. But the retirement tools available both through the government and online will enable you to put in information that relate to your personal circumstances.

Peter Promnitz: Thanks, Tim. A question from Ed. How will MLC investment products be affected when IOOF takes over? It's a question which I'm going to ask Johnny to talk about the investment side of and Tim to talk about the product side. So how will the investments themselves change? And how will they fit into the product suite? Tim can answer the second part of that question.

Jonathan Armitage: OK, Ed. And thanks a lot for the question. The very simple answer is that we will not be making any changes as a result of the IOOF takeover. There are very clear criteria and objectives that we have for our range of investment products. And those will remain unchanged as a result of IOOF potentially becoming our new owners. We've got a very tried and tested investment process. And it's been quite clear that IOOF will continue to support that going forward.

Tim Steele: Thanks, Johnny. And from an investment products perspective, we're also not foreshadowing any immediate changes to the products we offer. That doesn't mean that over time that they won't change. In fact, I think to Andrew's earlier points around the IOOF acquisition, we would hope over time that the scale that comes from being part of a combined organisation would be able to pass through benefits to members. And that will include new products and potentially consolidated products as part of that transaction.

So the short answer is no immediate change to the products we offer for our members. But we would hope by the time, as would be the case if we remained as we are, we'd continue to invest in developing new products that meet the needs of our members. And we expect that will be even enhanced through the scale that will come and the benefits of the combined organisation.

Peter Promnitz: Thanks, Tim. So we're having a run of investment questions here. The next question for Johnny from anonymous. Why does MLC never make the top 10 superannuation companies performance charts? I presume the question means in particular the comparison to industry funds performance.

Jonathan Armitage: OK. So thanks for the question. It's obviously a very important one. I think in the first instance, sometimes the comparisons are never apples to apples. Our focus as an investment team is making sure that we are achieving or beating the investment objectives which are set by the trustee. And I think there was a chart that we showed up earlier that over the medium and long term, we have very much not just achieved the investment objectives that we set but exceeded them comfortably.

We're very focused on making sure that the returns that we produce for you as our members are the best we can do over the medium to long term. We tend to try and avoid making short-term decisions which may impact investment returns over the short term but may be more detrimental to the returns over longer periods of time.

I think one of the other things that we think is a very important component to the way that we manage your money within the superannuation fund is a focus on risk. Return is very important. But we also think that the risk component to the way that we manage and look after the investments that we hold on your behalf is a very important component. And we have been through an unusually volatile period in markets.

We feel that it's very important that we've positioned our portfolios to ensure that we are best positioned to produce those investment returns in order to meet those medium-to long-term objectives and not just get caught up in perhaps a focus on the shorter term.

Peter Promnitz: Thanks, Johnny. The next question is from Diane, and I'll answer the next question. As an employer in the construction industry, who does the government think will pay for the increase of super by 2025? That's the contribution going up to 12% in 1/2% increases over the next four years. It's already a cutthroat industry. It will only impact salary increases.

Peter Promnitz: So this is one of those questions to which there is no correct answer. It's quite political. And if we asked all the economists on this call, we would get 20 economists would get 21 different answers. It's really a trade-off between saving for retirement and the impact that that has on the Australian economy versus the short-term impact on directing available money to salary increases rather than putting it into savings.

I think if we took a poll of all of the members on this call, we'd get a very broad range of responses to that. It's become quite politicised. And I'm not proposing to try and choose sides here. It certainly is a question that depends if you're in retirement or preretirement and comfortable, then directing contributions to super sounds like a good idea. If you're in your early, mid 20s, early 30s and trying to pay the mortgage, directing contributions to super might not sound as good an idea as more money in your pocket to pay the daily bills.

So it's one of those political decisions that will be bounced around the media and Parliament for the next few months and years. But I'm not proposing that MLC or NULIS as trustee has a position other than, whatever the contribution come through to us, we will properly invest on your behalf, look after, help them grow, and pay them back to you when you retire.

Peter Promnitz: So interesting question from anonymous. How long do you think it would take for super balances to bounce back to their pre-2020 balances? Again, I'll initially direct this to Johnny because it's part investment to this but also make the observation that it depends a little bit on what your investment strategy is. So if you've been very defensive or very aggressive, the answer is going to be completely different. But Johnny, can you give us an overview on that question please?

Jonathan Armitage: Yeah. Thanks a lot, Peter. And first of all, it will depend a little bit on those overall, the portfolio structure. I referred earlier to the fact that it has been an extraordinary year from an investment perspective. If you just look at the US equity market, it's actually now at a higher level than it was at the start of 2020, which, when you consider what we've been through and the impacts of the pandemic, that's quite an extraordinary feat.

It's been less true for people who have been more focused domestically. The Australian equity market has not kept up in the way that other markets have done. We do think that with the emergence of not just one but now it looks like three vaccines which will be more readily available as we move into 2021, that opens up the opportunities for economies to start to recover. And so that would allow equity markets to continue to see the recoveries that we've seen through the second part of this year.

We're continuing to see really interesting investment opportunities emerge in different parts of our portfolio, parts of fixed income, but also within our private equity portfolio, which has been a strong component to investment returns certainly this year, but also over longer periods of time. So we do think that there is the opportunity, given the rollout of the vaccines and potentially a return to more normal economic conditions, that superannuation balances in the main will start to see healthy recoveries back to their pre-COVID levels.

Peter Promnitz: Thanks, Johnny. As I said, we're having a run of investment-related questions. So you're going to get the next couple as well. Firstly, a question for Johnny from Hans. MLC My Super growth investment performance has been excellent for this financial year. Thank you. What do you think might have been the reason for this? And can you continue the performance?

Jonathan Armitage: Well, thank you, Hans, for the comment and also the question. If we look at the things that have helped us over the last 12 months, it has been overweight things, like global equities. I mentioned in some earlier remarks that global equities have done better than domestic equities here in Australia. And our portfolios also benefited from being unhedged. And so as the Australian dollar declined in value, actually, that global equity component saw very strong returns.

We've also benefited from some of our exposures to unlisted assets, particularly within private equity, also within our unlisted exposure, for example, in real estate. And this is particularly true for our MySuper portfolio. Our exposure there was very much focused away from retail, which is, obviously, an area that has particularly suffered in the last 12 months or so as a result of the restrictions caused by the pandemic.

And we probably had a greater exposure to industrial property, which has, obviously, benefited. Because an awful lot of those type of facilities have been involved in the distribution of goods, which have benefited from everyone being at home and probably doing an awful lot more online shopping. So those are some of the areas that we know have been contributors to investment performance over the last 12 months or so.

I think as we look forward, we continue to be very comfortable with the overweight to global shares because of the growth opportunities that they offer, both in developed economies and also emerging markets as well. We also, I think, continue to see good opportunities emerging in unlisted assets, both in terms of unlisted equity, private equity, but increasingly in parts of the debt markets, where the volatility that we saw earlier this year as the virus really impacted those parts of markets, that's thrown up a number of really interesting opportunities that we think will benefit our members over the next two to three years.

Peter Promnitz: Thanks, Johnny. And another question for Johnny again. do China's human rights violations represented an ESG risk? I'm assuming that this is in terms of portfolio selection.

Jonathan Armitage: Thanks, Peter. And I think that it's, obviously, something that we are very focused on and take very seriously, not just around investing in China, but all our investments. All the investments that we look or examine, we look through a lens covering both environmental, social, and also governance issues when we look at those. We're very focused on making sure that the returns that our members get are sustainable and that we've got a clear understanding about the risks that we are entering into when we purchase individual securities, but also where we make allocations to particular geographies.

And within that, it's having a very clear understanding around the number of non-financial risks. And that would include political risk as well. So we think that that is something that we incorporate into every investment that we make, whether or not it's in China or any other of the markets that we invest our members' money into.

Peter Promnitz: Thank you. Next question is an anonymous question. I'll start the answer on this, and then I'll perhaps ask Tim to follow up. If the comparison to industry funds doesn't really matter, why does APRA publish heat maps? And why is there so much publicity around it?

Peter Promnitz: So just to explain, the heat maps is a document published by APRA every six months which sets out relative fees and performance of all of the licenced super funds in Australia, something that's only been going for a few months. And the second one has just been released. The rationale to it is to provide a single point of reference as to how superannuation funds are performing.

Unfortunately, it's really difficult to sum up in one small set of numbers how you compare super funds. And so it's something that came out of the Royal Commission. It's something that APRA has introduced. We're certainly complying with all the requirements to put the numbers into the heat map. But we see examples in the numbers that we put into to the heat map where if you're in a corporate plan with Plum and you're getting very good low fees because of the discount for scale, none of that's represented in the heat map.

So it's an attempt by APRA to provide information. But for complex businesses and complex funds like MLC, it's very difficult to summarise all of the different aspects of that complexity in one number. Tim, do you want to add to that?

Tim Steele: Yeah. I think it's a good question, Peter. And I think it does matter because APRA and I think all trustees are hoping to help members make informed decisions about their long-term retirement outcomes and superannuation. And whether it's retail or industry funds, I think both have the same objective, which is to deliver excellent performance and ultimately great superannuation outcomes for members in the long run.

And so I think the APRA heat map is, as you said, a way of providing that comparison, albeit imperfect given the various complexities and nuances that exist across the system. It is a way of providing comparison for members and the public more broadly to understand how their fund performs compared to others. And so I think it does matter. And it is an important initiative that APRA have progressed.

And I should state, without getting too much into proposed legislation, that it will be very interesting over time to understand how the APRA heat map aligns to the proposed benchmarking as part of Your Future Your Super legislation, which is currently going through a process of consultation across the industry for consideration by Treasury and ultimately APRA and regulators more broadly. And so the APRA heat map and how that aligns to the proposed benchmarking is still to be determined, Peter. But I think the objective is similar. And that is to provide transparent and objective assessment of funds' performance and the outcomes they deliver for members to enable people to make good decisions about their superannuation fund.

Peter Promnitz: Thanks, Tim. As we expected, there's a lot of focus on investments this evening. And there's also a theme of China. So the next question's for Johnny. How do you feel investment will be impacted by China's embargo on Australian products, as Australian GDP is heavily weighted towards export-imports from China?

Jonathan Armitage: It's, obviously, a very current and very important question for us to think about. This is, obviously, a bit of an evolving situation. And so I think it's important for us to understand how that may impact things in the shorter term and then looking at the longer-term impacts that this might have.

I think it's clear that the different raw materials and products that Australia produce are valued in China. And these are markets which have developed and evolved over relatively long periods of time. So I think it's important for us to make sure that we don't necessarily overreact to some of the short-term measures that have been put in place.

And it's quite clear that the quality of the products that are exported from Australia, whether or not it's raw materials, like thermal coal, metallurgical coal, or iron ore-- the quality of those products are very much valued by both industrial consumers in China and also the service consumers as well. So it's something that we are watching, obviously, extremely closely. But as I said, I think it's important that we make sure that we've got a clear understanding about what the medium-term impacts of some of these regulations are or whether or not what we're seeing is more short term in nature and has more of a sort of political dynamic to it rather than a longer-term economic impact.

Peter Promnitz: Thanks, Johnny. Next question is anonymous. And I'll ask Andrew to answer this question. Assuming the IOOF purchase proceeds, how will NULIS and APRA report back to members and the market on A, executing it, and B, delivering on the benefits?

Andrew Gale: Thanks. To the first question in terms of the execution of the deal, there's already been public announcements around the target timetable for that. One, there's a range of necessary steps leading up to that, including regulatory approvals and the APRA one, which I mentioned previously.

But there are other key steps, not the least of which is MLC Wealth, we as trustee being very confident that at the time of the transaction and the handover of the business that everything is in order in terms of members' interests being covered and all the right business management processes in place and the like. So that's a current process. In terms of the actual announcements, bearing in mind that both NAB is listed on the market and IOOF is listed on the market and market sensitivities and continuous disclosure issues and the like, those announcements would be made at the time that there's certainty both on the transaction and the timing and completing all of the conditions required for that transaction.

In terms of the second component of the question around reporting back on benefits to members, there's actually a really good framework in place now which is called the Member Outcomes Framework, which all superannuation trustees need to adhere to, which means having some really targeted outcomes for members. And it's baked into business plans and our risk plans and the like. Every 12 months, we need to go through an internal assessment of business performance review on how we delivered against member outcomes.

And then publicly, there's also a requirement now through what's called a "member outcomes assessment" to report those results for members through a public forum. And that would be available on our website. And that's done across quite a range of criteria-- investment outcomes, insurance outcomes, that we're doing the right thing in terms of trust and reliability and delivery of service, generation of retirement incomes, quite a range of dimensions which we report against.

So the most relevant mechanism, I think, in terms of providing feedback to all members will be through that outcomes assessment framework, which will be made public. And the first one-- I'll check with Tim on time in a sec. But I think that's targeted around March or April in the new year.

Peter Promnitz: Thanks, Andrew. Good answer. So the next question is from Faye. And I'll answer this initially and, again, throw it to Tim to see if Tim wants to add anything. How will MLC help ensure that the increase in super that was committed to by the federal government goes ahead? What is MLC doing to help support this?

Peter Promnitz: So let me answer that question from the NULIS perspective, NULIS as Trustee. And I'll ask Tim to make a comment about MLC as the commercial organisation delivering the services.

From the trustee's perspective, we don't spend any of your money on any political lobbying whatsoever. It's not our purpose. Our purpose in life is to look after your money and ensure that you're getting the right benefits delivered as efficiently as possible. So we don't take a political stance. We don't spend money on political lobbying.

And the reason is, in that particular case, from the perspective of the questioner-- and this relates back to the answer I gave before-- they're clearly committed to having the increase in super contributions go through. But we have lots of members in their 20s and 30s who might not want it to go through for their own particular personal reasons, which we neither agree with or disagree with. So if we were to spend some of your money doing political lobbying, then at least 50% the members will be unhappy because we'd be lobbying against their interests. And that's not what we're in the business of doing.

Peter Promnitz: Tim, do you want to make any observations on behalf of MLC itself?

Tim Steele: Thank you, Peter. And look, I can understand the question and the potentially varying perspectives that people might have on whether that's a good or bad thing. We have the benefit of being members of some various industry groups to which we contribute, debate, and challenge.

And through that forum and because of our position in the market-- and MLC is proudly one of the largest superannuation funds in Australia-- we are, from time to time, asked to contribute to various discussions and engagements with government and regulators. And we do feel it's our responsibility to be able to make a meaningful contribution to those dialogues. And so certainly on the topic of SG, we've continued to engage with various industry bodies.

And similar to your previous answer, Peter, ultimately, our view is that we will do the best we can with whatever contributions we receive to help optimise the outcome for our members. And there are various issues at play that the government is carefully considering with the overall lens of the broader economy and the needs of businesses and members and people wanting to help, obviously, build adequate retirement savings. We will, ultimately, as I said, do the best we can with what we receive from the SG to deliver the best outcomes for members.

Peter Promnitz: Thanks, Tim. A question for Beth from Allison-- what impact do you think the superannuation stapling announced in the recent budget will have on the fund?

Beth McConnell: Thanks, Peter. And thanks, Allison, for the question. Well, stapling is a relatively new concept in the superannuation context. It was part of the federal government's announcements in October with the budget. And the concept is that when you begin a job with a new employer, you will effectively bring your old, ah, existing super fund with you. So you won't be put into a new super fund, which is a default arrangement for your new employer.

So the idea is that that will reduce duplication of accounts. And so people won't be paying double sets of fees. And so as a trustee, we absolutely support that concept.

The devil's in the detail, I suspect, in terms of how that will play out in practice. And we haven't seen a lot of that detail yet. So we are waiting as an industry to see a little bit more detail about what stapling means and how it will play out in practice. And so we are very committed to watching that. And we'll be keeping in contact with you about what that means in practice moving forward.

But certainly as a matter of principle, we think that the concept of increased simplicity and avoiding duplicate accounts is a good one. So we'll watch and see with that one.

Peter Promnitz: Thanks, Beth. An anonymous question for Tim which relates to an earlier answer, Tim, but I'll ask you to address this one as well-- speaking about calculators on your website with regards to how much money is required to retire comfortably, why doesn't MLC update the calculator to take account of current times and-- I presume, and provide the interest rates, is the rest of that question. But I'm not sure. Tim?

Tim Steele: Look, I'm going to take it as both a question and some feedback. I know that the team responsible for all of our online tools and various educational resources are regularly reviewing calculators and the relevance of various information, including changing things like interest rates. It's not always possible, I have to say, to keep up given the speed with which some of these changes have been occurring. But I will also take the feedback and ask the team to review the currency of the information and perhaps default settings that are included in the calculator to ensure that the question that was raised--can give them confidence that they're getting an accurate assessment of the retirement adequacy as a result of the calculator.

Peter Promnitz: Yeah. Thanks, Tim. Next question for Andrew from Suzanne-- how do members reassess their life insurance requirements now that level premiums for TPD are experiencing a 15% increase?

Andrew Gale: Thanks, Suzanne. And in terms of insurance, premium rates for total and permanent disablement, pretty much across the industry, are subject to upward pressure at the moment. There's a range of factors driving that, including mental health-related issues. So the answer to your question really is, it depends on whether you're in an individual insurance arrangement or what we call retail insurance arrangement. And especially if you have an advisor, I'd be having a discussion with them about your insurance coverage and what your options are.

If you are in a corporate arrangement through MasterKey Business Super or Plum arrangements, effectively, one of the roles played by the trustee is to be representing you in discussions with the insurers. Now, MLC Life is the primary insurer for a lot of those corporate plans. But there are a range of other insurers involved. I think we're dealing with eight insurers on behalf of members. So we fulfil that role.

When there's a review done of the insurance arrangements, we very much assess the value for money, the definitions around total and permanent disablement, the pricing, checking that it's competitive, and checking that there's a reasonable basis for any adjustments to premium rates. So that's one of the roles put forward by the trustee.

One additional comment I would make is that just this week, ASIC has come out with a report on insurance and value for money on insurance and superannuation. So we've only had a quick look at that report, given that it's only come out in the last one or two days. But certainly when we look at that, in the case of MLC, the premium rates that we have are reasonable compared to industry and, in fact, are below average for most cohorts of members. So realise none of those increases are welcome if they're coming through. It is reflecting pressure on the insurance industry overall and some pressure from APRA, the regulator, in terms of insurers having sufficiently strong capital positions.

Peter Promnitz: Thanks, Andrew. So an anonymous question for Johnny and his crystal ball, what do you think will happen with the Australian dollar?

Jonathan Armitage: --question I always get asked. And I'm reminded of a quote that Ben Bernanke, the previous chairman of the Federal Reserve, came out with when he was asked about currencies. And he said that at his time at the Fed, the Fed had spent hundreds of millions of dollars trying to come up with computer models to predict currency movements. And he basically felt that it was a waste of money and that you might as well flip a coin in order to try and work out the direction of currencies.

Having said all that, if we look at our portfolios at the moment, we continue to have a strong overweight to global shares. And quite a lot of that exposure is unhedged. And from that, I think we can infer that we think that there's a possibility that the dollar, from its current levels, will decline a little bit over the next 12 to 18 months or so. I think I'm making the assumption that the exchange rate that you're referring to is probably against the US dollar. And that's where our main FX exposure probably lies currently.

One of the things that's interesting at the moment is looking at exchange rates in other parts of the world, particularly in Europe and against sterling, given what we're seeing in particularly in the UK with the Brexit negotiations. And that's one thing that we're keeping a close eye on as to whether or not there is an opportunity there to perhaps benefit from an overreaction to sterling if the UK exits Europe without a formal agreement. Because I think in the short term, it's likely that sterling would see quite a sharp depreciation.

Peter Promnitz: Thank you, Johnny. A question from Ama for Tim. And this question has been cut off on the screen, so I'm going to have to guess the last bit of it. My organisation has leveraged and benefited greatly from your financial wellness series and member programmes through the pandemic. Can employers like me count on this support from MLC? And I'm assuming it says, after the IOOF transaction completes.

Tim Steele: Thanks, Peter. I can, in fact, see the whole question. And it ends with, into the future, which, again, may also align to the IOOF transaction. So the simple answer is yes. And in fact, I think you can continue to expect more from us.

And can I thank you for the question and the feedback. Because I know our education and digital team have been working so hard this year to ensure that we can bring relevant, contemporary insights and educational forums to help people navigate through what has been such an extraordinary time. And when you see market volatility like we've experienced, one of the benefits, I think, we feel like is that at least people have been inclined to be more engaged in their super and understanding what's going on in the market. And so the financial wellness beyond the dollars and cents, the broader holistic financial well-being of people, is so fundamentally important.

Given we know as important as super is, money doesn't make people happy. It's part of a solution. And so the financial well-being programmes and financial wellness programmes the team have built are to support more holistically people's financial circumstances and overall well-being. So you can expect more from us as we continue to roll out enhanced digital capability and respond to current circumstances and what we understand the needs, wants, and worries of our members are.

Peter Promnitz: Thanks, Tim. Next question from Faye for Tim-- after IOOF takes over, will we still have the same access to our Plum account in terms of looking at our daily balance?

Tim Steele: Thanks for the question, Faye. The answer is yes. So we're not expecting any change on day one. You will receive-- given the change of ownership, there will be communication to members. Assuming the transaction is approved, there will be communication to members confirming all of that.

But in fact, our objective and the goal of the team is to ensure, ultimately, if the transaction proceeds that it is seamless to members and that there is no change in accounts, access, and information that you've come to rely on and that's important to you. And that includes access to Plum accounts and Plum balances.

Peter Promnitz: And Tim, another question for you from Kerry-- how do we know that you are not overpaying your senior management? You might want to explain the difference between MLC and NULIS in terms of who employs whom, Tim.

Tim Steele: Thank you for the question, Kerry. And I can confirm that on behalf of-- certainly NULIS has a very rigorous process that they undertake in assessing and screening the appropriateness of remuneration for any responsible person, including myself, who is part of the superannuation fund. And we form part of, as you'd expect us to, the broader NAB and MLC remuneration framework. And any remuneration needs to be, and the framework needs to be approved by that group, as well as endorsed, ultimately, by the NULIS board as part of their oversight of the appropriateness of the remuneration arrangements for all responsible persons.

Peter Promnitz: Thanks, Tim. Andrew, question from Linden-- who does the trustee use to give opinion on insurance definitions? From my experience, not many people understand the

definitions. I've directed that to Andrew because he's chair of the Trustees insurance board subcommittee.

Andrew Gale: Yeah. Thanks, Linden. So as Peter mentioned, we do have an insurance committee made up of a few nonexecutive directors and some subject matter experts. Any of the insurer arrangements-- a lot of them are with MLC, but I mentioned earlier a range of other insurers. We absolutely scrutinise, when there's reviews done, a whole range of issues, including definition-related issues.

The specific answer to your question is, whenever we are seeking real expertise, we contact an organisation called The Heron Partnership, who are our insurance advisors. They got knowledge right across the market in a range of issues, including definition issues. And they advise the insurance committee as our independent advisors.

Peter Promnitz: Thanks, Andrew. So here's a question from Tim for Tim. There's been quite a bit of movement within the MLC leadership team. How stable is the leadership structure within the next 12 months? Again, implying through the IOOF transaction.

Tim Steele: Thanks for the question. And look, I think it's a good question because, obviously, the transaction-- and ultimately, it'll be IOOF's decision to determine what's the appropriate organisational design that they need to support the combined organisation. We proudly have a great team who are really passionate and committed to delivering great outcomes for our members. As I said in my presentation, part of the strength and the reason that, in fact, IOOF has an interest in acquiring MLC is because of the business and the great people we have as part of our organisation.

And so I remain hopeful and confident that there will be fantastic opportunities for many of our people on the other side of the IOOF transaction. It is, appropriately, IOOF's decision in conjunction with the CEO and their board to work through a process to determine what's the right org design that they need and what are the right capabilities and, ultimately, the people and therefore the executive appointments that they intend to make to support the future success and growth of that organisation to deliver for members.

Peter Promnitz: Thanks, Tim. We only have time left for one question. And so the final question, which I'll answer, is a question from Jim. How much time would you as Trustee directors put into the fund with meetings, catch-ups, et cetera?

Peter Promnitz So that's a good question, in fact. And it's a question you see debated in the press about directors of listed company boards-- in this particular case, directors of Trustee board.

And directors are asked to do several things. They're asked to attend board meetings. All directors are on a number of board subcommittees, and they have to attend those meetings. And then we run regular workshops to make sure that the directors have all the information at their fingertips that they need to make decisions.

Your average director would probably expect to put in a day a week into a directorship, which is 40 hours a month, perhaps 50 hours a month. I think it's fair to say that with all the things happening in the superannuation industry, and added to by the IOOF transaction, all the members of NULIS are putting in double or triple their normal time they would need to put into their the board work acting as trustees on your behalf.

So right now-- and this has been a situation that's been going on for probably at least 12 months-- your directors are working double or triple time to make sure that all of the issues that are raised by a lot of things, but particularly right now the IOOF transaction, are given proper consideration, that the right research is being done, that the right decisions are being made and based on the right information. So the answer is, as a director, a lot. But that's a personal view.

So thank you. We've run out of time. I'll remind you that if your question wasn't answered or someone else's question that you wanted to hear the answer to wasn't answered, within 30 days, all the answers will be up on the website.

So we've covered a lot. We've covered a lot of investment questions. We've covered a lot of fees questions. We talked a little bit about COVID. We had a number of ESG issues discussed and much more. So it's been a pretty broad-ranging set of questions in what was going to be a 45-minute Q&A session that's now spun out to an hour.

I'd like to thank all of the NULIS team and all the MLC team for putting in the effort required in preparing for this member meeting. Of course, this is the first Annual Member Meeting. We'll be having one of these each year from now on. So I look forward to you joining us and hearing what we've got to say, but particularly asking lots of good questions next year and after that.

And all that's left for me to do now is to wish everyone a great Christmas and new year break. And take care on the roads. Enjoy the time with your family. And look forward to talking to you in 12 months' time.

Thank you.

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