

## Russell Investments Master Trust – Annual Member Meeting 2023

Broadcast: Tuesday 12<sup>th</sup> December 2023

Answers to all member questions received prior to and during the event (excluding questions of a personal nature, in which instances we have contacted the member directly).

**Q1. Can we automate the process for after tax contribution online rather than having to complete a manual form and email it to your call centre**

**A1.** The good news is that you don't need to complete a form to make after tax contributions. You can make BPAY payments directly to the Fund using a biller code and your unique Customer Reference Number. You can see those details in the 'Contributions' tab of your online member account, and there's also information about the process on the website. You can also call our Member Helpdesk for assistance on 1800 555 667 or 1800 025 241 for Nationwide Super members.

**Q2. How are refunded franking credits incorporated into an iQ Retirement allocated pension? The annual and quarterly reports do not show franking credits and what value they have added to the balance**

**A2.** As an iQ Retirement member, you hold units in each investment option. Across the Master Trust, all the balances are pooled together under each option. The appointed investment manager invests the balances in each option in line with the investment strategy as outlined in the Product Disclosure Statement (PDS). Where there are distributions or franking credits (as an example) that are paid by the underlying assets, they are re-invested into the pool of assets and flow through in the unit price of the option. They are not separately allocated in your account which is why you don't see them in your transaction listing.

**Q3. When will a mobile app be made available to those in an iQ Retirement allocated pension**

**A3.** We have an ongoing development pipeline for our website and app. We manage that alongside the regular maintenance required to make sure that it remains operational and secure. The development of an app for pension members is part of our development plans but we're unable to confirm when it will be available at this point.

**Q4. Looking at Global Opportunities unhedged and Australian Opportunities compared to Third Party Indexed Global Shares unhedged and TPI Australian Shares what explains the superior performance of the Third Party Indexed options over 3 and 5 years? What are the relative prospects for the next 5 years?**

**A4.** For the Australian Opportunities (Australian Shares) sector option, one headwind has been the strong performance of the big end of town while the mid-cap has struggled. Our portfolios are structured to be more overweight the mid cap part of the market, as our research shows that managers are best able to generate outperformance in that part of the market. It is a similar story for the Global Opportunities (Global Shares) sector options, with the extreme performance of the megacap tech names. We believe our portfolios are positioned for the next phases of the cycle and expect that those headwinds will fade.

**Q5. How is the recent volatility in Australia's property market informing investment decisions made using super funds?**

**A5.** We think that Australian listed real estate is trading at a discount and therefore have been slightly overweight to take advantage of that. We have been very closely monitoring our unlisted exposure - we have seen some modest write downs so far, but we remain confident in the quality of assets that we have.

**Q6. Is there a reason why the annual statement is taking that long, I mean we're almost end of November and yet to get it! What are the steps the operation team is taking to deliver these statement shortly after the end of the financial year**

**A6.** The Trustee aims to issue annual statements to members as soon as practicable after 30 June, but there are a few aspects that take time to complete. For example, calculations of forward projections that we provide to most members is time consuming and completed by an external actuary. There's also a significant amount of checking and testing required to ensure the accuracy of statements. This year, the majority of annual statements were issued to members on or before 4 October, with the remaining few needing further checking before they were sent. Our Member Helpdesk team can assist with specific account enquiries for any members awaiting the release of their annual statement.

**Q7. If you weren't already going to do so, can you please share Russell's view on the current state of the US economy, prediction for what you believe the likely outcomes over the short and mid-term are, and what you are doing from an investment perspective as a result? For example, is there a view to US stock market, is short-term investment in gold being considered etc.**

**A7.** You can find our views on the US economy in the main Investment Q&A section of the Annual Member Meeting recording. On gold specifically, our view is that the gold price looks expensive relative to where real interest rates are.

**Q8. How do you see the markets and growth for 2024**

**A8.** Our thoughts on markets and growth for the coming year can also be found in the main Investment Q&A of the Annual Member Meeting Recording.

**Q9. What safeguards are you putting in to prevent ID theft being used to access accounts?**

**A9.** We treat the security of your personal information as a critical priority and took additional steps to increase that security and to detect suspicious transactions following public data breaches at Medibank and Optus last year. We benefit from the global cyber security capability of the Russell Investments team and also comply with APRA's Information Security requirements in Australia. We have strengthened the identification process when members call, using information that's unique to your account, increased account monitoring to identify any new risks, and the team also maintains contact with law enforcement agencies and regulators. There are also a few steps you can take to keep your super safe and there's an 'online super safety' page on [our website](#) with tips on detecting fraud and scams.

**Q10. Page 5 of the Member Outcome Assessment states "the performance of these options were also below median, due to a combination of factors, including: strategy positioning and differences in asset allocation exposures relative to other superannuation funds in the peer group, and sector underperformance in some asset classes**

**A10.** Our positioning in private assets has been a challenge historically, as we have had held less private assets than other funds. We have been closing that gap with the support of our global private assets research team. Sector performance has been a challenge for Australian equities this year, but global equities has done quite well.

**Q11. What are the possibilities of the superannuation when leaving Australia? Is there a portability overseas?**

**A11.** Generally speaking, if you are an overseas resident who has previously worked in Australia, there's a few things to consider. To access your super, you must have been paid super while in Australia on a temporary visa, including subclasses 417 (Working Holiday) and 462 (Work and Holiday), and associated bridging visas. You must have also left Australia and your visa expired or cancelled. New Zealand citizens aren't entitled to access their super early, as the Australian and New Zealand governments have an agreement in place to allow the transfer of super from an Australian fund to the New Zealand super system. If you're eligible to access your super, you can claim your super online or by lodging a paper form - visit the Australian Taxation Office (ATO) website [ato.gov.au/DepartAustralia](http://ato.gov.au/DepartAustralia) to get started. Your super fund is required to deduct tax before the super is paid to you, but how your payment is taxed depends on your visa type, so again we would refer you to the ATO website for more information on tax rates.

**Q12. The annual report of the Harwood Lifetime Pension Plan states an unsatisfactory financial position for the plan. How much has been requested from the Employers and have they paid? Thank you**

**A12.** The sponsoring employers of the plan will need to pay a combined amount of \$1.5m by 30 June 2024. The actuarial requirement is that the payment is made in equal amounts in April, May and June of 2024.

**Q13.**

**1. I understand the Harwood Superannuation Fund comprises superannuation obligations for the DBD CSR and DB Harwood pensioners. Are each of the plans managed separately?**

**2. My understanding is each of these plans are closed to new members, is that correct?**

**3. Please advise the remaining number of members in each plan**

**4. The Annual Pension Renewal Form requests current information for the member &€' but not the wife, which I always find unusual. This is not a personal question, but what happens when member passes - I recall spouse gets a % (2/3rd ?) of member current pension Question is, are the actuarial liabilities which underpin the funding based on known member/wife, and:**

**a. What happens when member partners die? If member partner dies I assume member still get 100%?**  
**b. If member dies and partner is receiving %, what happens if remarries- still continues with the 2/3rd ( ? )**

**A13.**

11. Yes, the CSR DBD and Harwood Pensioner DBD plans are managed separately.  
 12. Yes, both plans are closed to new members apart from one remaining 'active' DB member in the Wilmar DBD Plan who is eligible to take out a pension in the Harwood Pensioner DBD Plan when they retire.  
 13. There are 8 remaining members each with a small entitlement in the CSR DBD Plan as at 31 October 2023. There are 122 members remaining in the Harwood Pensioner DBD Plan as at 31 October 2023.  
 14. On the member passing, the member's spouse (as at the date of the member's death) receives a pension of 75% of the member's pension. The liabilities are based on the member's known spouse. Where the details of the member's spouse are not known it is assumed that the member has a spouse, with a male partner 3 years older than a female partner. If a member's spouse dies before the member there is no impact on the member's pension – it continues at 100%. If the member remarries then the member's new spouse becomes eligible for the spouse pension on the member's death. If the member's spouse is receiving the 75% pension there is no impact on the pension if she/he remarries.

**Q14. When will the Android app start working again?**

**A14.** A new version of the Android app was released on 12th December. Please download the latest version and the SuperTracker app should be working again.

**Q15. Wondering why Russell fees are still significantly more expensive than some of the other Super's which have been yielding a similar (or better) return, e.g. Australian Super or Unisuper. I'm wondering what am I getting for the extra cost?**

**A15.** As Patricia mentioned in her address during the meeting, we aim for our fees to be competitive, but acknowledge our standard fees will never be the lowest in the market. This is because we aim to deliver value for money through our highly-rated benefits and member services. This includes our comprehensive advice offering that Uzi discussed, the award-winning GoalTracker program, and much more.

**Q16. There is quite a bit of speculation concerning a global economic downturn sometime next year, although it appears Japan may be an early catalyst. What strategies do you have in place to guard against the types of losses we saw in our accounts in 2008?**

**A16.** Our focus on well-diversified portfolios is our starting point. We do think that recession risk is elevated in the northern hemisphere as we head into 2024, and we have been incrementally tilting our portfolios to capture some defensive characteristics - namely, leaning into the quality factor within equities and adding government bond exposure.

**Q17. What is the Russell position long term on USD vs AUD and how have you used it**

**A17.** On a longer timeframe, we believe the AUD looks slightly cheap relative to the USD based on models like Purchasing Power Parity. Over the year, we have incrementally been adding to our hedging ratio of foreign assets.

**Q18. Where can I find a full list (detail of product/companies) of the sectors/products being invested in?**

**A18.** There is a Portfolio Holdings Disclosure page on our website that provides details of the investment holdings behind each investment option as at 30 June 2023 - <https://russellinvestments.com/au/disclosures/portfolio-holdings-disclosure>

**Q19. Why is the web site so slow?**

**A19.** We are currently looking at how to improve the login experience into member accounts. We are aware that the GoalTracker projection can take time to load as it is recalculating this projection for you each time you login. While time consuming, this ensures your projection is up to date. If your question is around another area of the website that is loading slowly, please contact our Member Helpdesk team with details and we will investigate your issue.

**Q20. Can you clarify if Russell invests in any corporations known to be aiding and abetting either or both wars in Gaza, Ukraine?**

**A20.** We recognise the importance of responsible investing and environmental, social and governance (ESG) issues for our clients. Where securities are subject to government mandated sanctions, they will be excluded by underlying funds. For more information on how underlying funds exclude companies that are involved in the production of

cluster munitions, nuclear weapons or anti-personnel mines, please see from page 32 of the IQ Super Investment Guide – <https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>.

**Q21. Can you clarify how Russell utilises AI (machine learning) in its investing strategies? How do you see this incorporated in Russell in medium term?**

**A21.** As covered in the Investment Q&A section of the meeting, we are currently building out AI capabilities in a number of areas, most prominently in our manager research program. We also have been stress testing our longer-term market assumptions for the potential impacts of AI on productivity, interest rates and profit margins.

**Q22. I do not wish to profit off the war machine/weapons sales – are there any steps that could be taken to eliminate exposure?**

**A22.** For more information on how underlying funds exclude companies that are involved (directly or indirectly) in the production of cluster munitions, nuclear weapons or anti-personnel mines please refer to the IQ Super Investment Guide from page 32 - <https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>.

**Q23. Are there options to allocate to Australian market v US market?**

**A23.** Our diversified multi-asset portfolios have allocations to Australian and International shares as outlined in the Investment Guide (<https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>). The US sharemarket is included as a country allocation within the International Equities asset allocation (Pages 11-13 of the Investment Guide). Members can also choose sector options for Australian Shares (which include only Australian listed companies) and / or Global Shares. There is not a standalone US equity sector option on the investment options menu.

**Q24. Some info on Ethical investing/Halal options would be good**

**A24.** The ESG considerations section of the Investment Guide (from page 32) for the Master Trust provides details of any ESG considerations incorporated into the options.  
<https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>

The Master Trust has two responsible investment options available to members: the Low Carbon Australian Shares Option and the Low Carbon Global Shares Option.

**Q25. "Notice of Intent to claim or vary a deduction for personal super contributions" is currently a manual form - can this become an online form on the portal**

**A25.** Thank you for your suggestion. We will look at whether this could be a possibility in the future.

**Q26. Can we capture historical super balances either monthly or quarterly so we can track the performance on a more regular basis**

**A26.** Our administration system runs on an annual review cycle and while we provide access to daily information for your balance, we do not capture your balances at static points other than beginning and end of year (as per your annual statement). However, your super balance includes other cashflows such as contributions and comparing movement in overall balance is not a true indicator of the performance. If you want to assess and analyse performance, you can refer to the 'Investment Performance' page on our website which outlines the performance at various periods (e.g. 1 month, 3 month):

iQ Super - <https://russellinvestments.com/au/super-and-retirement/investments/performance/iq-super>

iQ Retirement - <https://russellinvestments.com/au/super-and-retirement/investments/performance/iq-retirement>

**Q27. Is it possible to introduce a code sent to a member's mobile phone as a third layer of security on the web site after user number and password?**

**A27.** It is currently not possible to send a code to your mobile phone at login, but we are looking to introduce this additional layer of security on our online Member Centre in the future.

**Q28. Do any of your investment options have exposure to oil and gas and in particular Woodside?**

**A28.** Our diversified and Australian Shares sector options do have exposure to oil and gas, but with an underweight position to Woodside (i.e. holding less relative to the index (ASX300) at as 10/1/2024).

**Q29. In terms of investment, what is the best way to find out more details on which type of industries the investments are placed, particularly sustainable environment?**

**A29.** The ESG considerations section of the Investment Guide (from page 32 - <https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>) provides details of any ESG considerations incorporated into any options. <https://russellinvestments.com/-/media/files/au/resources/additional-information-booklet/investment-guide-iq-super.pdf>. The Master Trust has two responsible investment options available to members: the Low Carbon Australian Shares Option and the Low Carbon Global Shares Option.

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