



IOOF Investment Management Limited (IIML) ABN 53 006 695 021  
Trustee of IOOF Portfolio Service Superannuation Fund and AvWrap  
Retirement Service (Funds)

**Responses to member questions not answered during the 2024 financial year Annual Members' Meeting.**

**Important information:** The responses to member questions may contain general advice that does not take into account your objectives, financial situation or needs. Before you act on any general advice, you should consider whether it is appropriate to your individual circumstances. Before making any investment decision you should obtain and read the Fund's product disclosure statement which is available at <https://ioof.com.au> or by calling 1800 913 118. Past performance is not an indicator of future performance.

**1. Will there be future amalgamations plans?**

Notice of any future amalgamations will be communicated directly to members.

**2. Where does Expand sit on the scale in comparison to others in 2024 and how is 2025 looking?**

Expand allows members to tailor an investment portfolio suited to their needs from a range of over 500 investment options from different investment managers. Members can choose to have any variation of these investment options in their account, therefore it isn't possible to compare with other funds as a whole. Where the same investment option is available in Expand and another super fund, the performance of that investment will be the same.

For the second year running, in 2025 the Expand platform received Chant West's 4 Apples 'Recommended' rating. This is in recognition of the continuous enhancements delivered to the Expand platform. The Chant West apple ratings scale (1-5) is well regarded among advisers and engaged investors.

Expand Extra Super has also been rated 5-stars by The Heron Partnership in 2024. For more details on Expand Super Awards, visit: [myexpand.com.au/awards-ratings](https://myexpand.com.au/awards-ratings)

**3. What measures are in place to protect the principal sum amount of super?**

Using Expand as an example, from a returns perspective Expand allows members to tailor an investment portfolio suited to their needs from a range of over 500 investment options and different investment managers. Each investment option has different risk return characteristics. Generally, the higher the level of risk you are prepared to accept, the higher the potential return you can expect from the investment. For example, investing in listed investments may provide the highest potential return over the longer term, but may also have the highest risk of capital loss in the short term. Cash tends to have a small chance of capital loss, but its investment returns are generally lower. Before selecting an investment option for your investment strategy, the Expand Extra Super Investment Guide and Investment Menu should be reviewed, along with the PDS for the relevant managed investments or fixed-term annuity, or product guide for the relevant term deposit, available on [myexpand.com.au](https://myexpand.com.au).

**4. What is the likelihood of a re-elected Labor Government turning their attention to taxing retirement savings given the size of the retirement superannuation pool and the current concessions afforded to this?**

There have been no policy announcements or indications of this nature.

**5. Why should I stay with IOOF Expand when other companies have lower fees and higher returns?**

From a return's perspective, Expand allows members to tailor an investment portfolio suited to their needs from a range of more than 500 investment options from different investment managers. If the same investment option is available in Expand and another super fund, the performance of the investment will be the same.

Regarding administration fees, we regularly review administration fees to ensure they are market-competitive and that members continue to receive good value for money. Administration fees also need to be set at a level that is adequate to maintain ongoing compliance and sustainability of the fund, including investing in enhancements required to maintain a contemporary offering that our members expect and benefit from.

**6. What is the property outlook in 2025?**

We have a positive outlook on the property market. In Australia, the balance of supply and demand continues to favour landlords. Most key sectors are seeing strong tenant demand and high occupancy rates. Malls, grocery-anchored shopping centres, childcare centres, pubs, and petrol stations are performing well. Some sectors, like industrial and self-storage, are slowing down slightly but from previously high levels. Offices remain challenging due to high vacancy rates, which weaken landlords' ability to set prices. However, premium office properties in top locations, such as those in our super fund, are still in demand.

**7. Can you touch on the MLCAM managed fund options?**

IOOF employer super allows members to tailor an investment portfolio suited to their needs from a range of over 300 managed funds from different investment managers, shares, term deposits, and a default Mysuper compliant investment strategy. Among the managed funds available are a range of ready-made MLC portfolios:

- MLC Index Plus: three diversified options where assets are predominantly indexed with active management embedded where MLC believes most value can be added at a low fee.
- MLC MultiSeries: four diversified options that are actively multi-manager options designed for members who are prepared to forgo some active asset exposure in order to reduce fees.
- MLC MultiActive: twelve fully-active multi-manager options, including five options focused on individual asset classes, designed to generate above-market returns at a higher fee.
- MLC Real Return: two fully-active diversified options that target a return relative to CPI, while managing downside risk, over a defined time horizon.

In order to choose an investment option for your investment strategy, the IOOF Employer Super Investment Guide and Investment Menu should be reviewed, along with the PDSs for the relevant managed investments available on [ioof.com.au](https://www.ioof.com.au). Fact sheets for the above-mentioned MLC funds can also be found at <https://www.ioof.com.au/superannuation/ioof-employer->

[super/investment-menu](#). We recommend that you consult with a financial adviser to assist you further with selecting an investment option / portfolio to suit your needs.

**8. Does IOOF support the views of the Superannuation industry to agree with the push of the ASX to add further restrictions on the industry e.g. DEI?**

The Trustee will address concrete developments in accordance with its obligations under superannuation law.

**9. What is the hedging ratio on the international equities component of the MLC MultiSeries and MultiActive ready-made portfolios?**

For the MultiSeries 30, 50, 70 and 90 funds, the hedging ratio is 35% of global equities (including emerging markets). Hedging ratios vary across the MultiActive funds but are applied to total global equity exposure, including emerging markets. MultiActive Growth hedging ratio is 42%, for MultiActive Balanced the ratio is 41%, for MultiActive Moderate it is 40%, for MultiActive Conservative the ratio is 36%, and for MultiActive Capital Stable the hedging ratio is 40%.

**10. Generally, how does IOOF vote at various Shareholder AGMs as an institutional investor on behalf of members super funds. Are the voting intentions ever made public before a meeting?**

We believe that the Investment Managers that we appoint to manage the funds on behalf of members are best informed to undertake proxy voting on behalf of members. The voting intentions of our managers are not made public in advance of an AGM.

**11. The federal government has announced that Australians will be able to tap into their super fund for more financial advice about their retirement and superannuation. It has bi-partisan support and has been committed to change the law in this term of parliament. Where is this currently at and what will IOOF be able to potentially provide?**

We support members obtaining greater guidance from their superannuation fund as they approach retirement. For the majority of Australians, superannuation is their biggest asset they will own outside of their home, which is why it's so important for members to be engaged both now and into retirement.

Measures announced by the Government, such as the proposed new class of adviser and the encouragement of 'nudges' or prompts for members to engage with planning for their retirement, are expected to enable superannuation trustees to assist more members to plan for their financial wellbeing and we are waiting for legislation on these policy announcements.

**12. The IMF has projected that emerging economies will achieve GDP growth roughly double that of the G7. In addition, the rapidly growing US sovereign debt level and the global trend towards de-dollarisation suggests a reduction in US dollar dominance in global trade. How will this impact investment strategy?**

According to the IMF, Emerging Market Economies are expected to grow by 4.2% in 2025. These economies include countries with strong growth potential, such as India, which is forecast to grow by 7%, and Africa, which is expected to grow by 4.2% in 2025. Even China, despite a sharp slowdown and a weak property market, is projected to grow at a rate of 4.5% in 2025.

In contrast, the G7 nations face more modest growth prospects of 1.8% in 2025. The United States (US) is expected to perform relatively well at 2.2%, but Europe, with forecast growth of 1.2%, and Japan, at 1.1%, are likely to experience subdued economic conditions. These nations also face long-term challenges, including ageing populations, high living costs, and the potential impact of the new US President's tariff policies. This could be particularly difficult for export-driven economies like Germany and Japan, where new tariffs may reduce their competitiveness in the US consumer market.

President Trump's policy agenda—particularly plans to remove illegal immigrants and reduce the size of the US government—could also negatively affect US growth over the long term. This may create difficulties for the US Treasury in managing the country's substantial government debt, which the IMF estimates at 122% of nominal GDP. An aggressive US trade policy could further discourage global investors from holding US government debt and the US dollar, increasing the risk of a potential fiscal crisis in the US.

We are mindful of these risks to the US's financial market dominance. As necessary, we are prepared to adjust our investment strategy to mitigate these risks, including reducing our exposure to US shares, government bonds, and the US dollar. While a US fiscal crisis does not appear imminent, we are ready to act if and when the situation changes.

**13. Is the MLC assimilation complete (Wrap to Expand) and what has the feedback from advisors been?**

Yes, the transfer of members from MLC Wrap to Expand was successfully completed on 31 March 2024, seeing approximately \$38.6 billion in Funds Under Administration and approximately 94,000 client accounts safely migrated to Expand, our flagship wrap platform. Adviser feedback of the transfer was generally very positive, as the transfer was completed without any material downtime or disruption to systems.

**14. Some respected US economists have recently suggested that the US stock market is overvalued or in a bubble. How closely tied is the Australian stock market to US trends?**

Many economists have raised concerns about the high valuations of the US share market, which is currently considered expensive based on traditional valuation methods.

A valuation measure developed by Nobel Prize-winning economist Robert Shiller, known as CAPE, suggests that Wall Street share prices are approaching levels last seen at the peak of the 'Dot-Com' era in 2000. CAPE, which calculates a ten-year average of the share price index relative to corporate earnings (adjusted for inflation), currently sits at 38 for the S&P 500. While this is below the January 2000 peak of 44.2—just before share prices sharply corrected from 2000 to 2003—it remains a very high valuation that investors should be aware of.

Market sentiment towards US shares is highly optimistic. Whether this represents 'irrational exuberance,' as Robert Shiller famously warned in the late 1990s, or qualifies as a 'bubble' remains open to debate. A key difference today is the strong earnings growth of major US technology companies, including Apple, Microsoft, Nvidia, Alphabet (Google), Amazon, Meta (Facebook), and Tesla—collectively known as the 'Magnificent 7'. US corporate earnings grew by 9.4% in 2024 and are expected to rise by 14% in 2025, according to FactSet.

Australia's share market is often discussed in the media as being closely tied to Wall Street. However, its actual performance is driven by other key factors, including domestic economic activity, consumer spending, investment levels, inflation, and interest rates. Additionally,

commodity prices, China's economic performance, and global investors' perceptions of Australia's political stability also play significant roles.

Looking at performance over the past two years, US shares have clearly outpaced Australian shares in local currency terms. In 2023, the S&P 500 gained 25.7%, compared to the ASX 300's 12.1% rise. In 2024, the US market again outperformed, rising 24.5%, while the ASX 300 recorded an 11.4% gain. Essentially, Wall Street has grown at more than twice the pace of the Australian share market.

**15. What is your policy on investing in the armament industry?**

We do not have a policy for investing in the armaments industry.