



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 2025 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.

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1. What is retirement planning in relation to Super?

Regularly reviewing your savings, investments and superannuation is essential to ensure you're on track and making the most of your opportunities. Start by budgeting for your expected retirement expenses, reducing high-interest debt, and building an emergency fund to provide greater financial security. It's also important to check your eligibility for the Age Pension, review your healthcare and insurance needs, and ensure your investments align with your risk tolerance and retirement timeframe.

Some people also choose to transition gradually by working part-time, which can provide additional income and help ease the adjustment to retirement.

To support your planning, you can use the retirement tools and calculators available on our website. You can also speak with your adviser about your options. If you don't already have an adviser and are an IOOF Employer Super, Personal Super or Pension member, you can book a session with a Financial Coach to help you explore your options and make informed decisions.

2. How much of Shadforth Funds are invested in fossil fuel companies?

To assess fossil fuel exposure, we look at companies involved in activities such as owning fossil fuel reserves, extracting or transporting thermal coal, oil or gas, generating power from fossil fuels, or earning revenue from oil and gas-related operations. Companies involved only in metallurgical coal are not included.

Using this definition, the Strategic Australian Equity, Strategic International Equity and Strategic Infrastructure Funds had a combined exposure of \$2.04 billion to fossil fuel companies as at 31 December 2025.

3. Where does IOOF stand on investments in Israeli based companies and weapons suppliers to Israel?

Our Responsible Investing Policy, including the potential application of negative screens (where investments are excluded on environmental, social and governance grounds), is reviewed on a regular basis. When determining whether to apply a negative screen, which would also involve redeeming investments (where an investor retrieves their investment) from a company, we consider a range of factors. These include, but are not limited to, potential adverse tax implications for members and acting in the best financial interest of members of the fund.

Like most superannuation funds in Australia, we have some indirect exposure to Israeli or International companies involved in Israeli settlements in the Occupied Palestinian Territory through the underlying investments of some of our investment options. The exposure is generally small - for example, the IOOF Portfolio Service Superannuation Fund (IPS) has approximately 0.18% exposure to Israeli issued holdings – including companies headquartered in Israel and Israel Government issued and Israel Corporate issued bonds.

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

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

4. An administration fee was introduced a number of years ago, it was meant as a short term fix to recoup an allocated cost, then ceased. This fee has continued to be charged and in fact increased. Why is that the case?

Administration costs paid from the reserve are taken from the balance held in reserves and are used to cover certain costs related to the running of the Fund. These costs are borne by the Fund as a whole and are not related to your account.

5. Do you make any investments with companies that manufacture land mines?

IOOF Investment Management Limited (IIML) as trustee for the IOOF Portfolio Service Superannuation Fund utilises IOOF Investment Services (IISL) as Responsible Entity and Investment Manager, who have fund wide exclusions on tobacco manufacturers only. As such, if a member is not invested in an ESG labelled option, which has negative screens to screen out

companies that manufacture landmines, there is a possibility they are invested in companies that manufacture land mines (or parts thereof) in non ESG labelled options, noting that this is not an active decision of IISL to seek out such investments. The global equity benchmark index contains two companies that manufacture landmines, thus is it probable that some of the portfolios managed by IISL have investments in those companies.

- 6. When will Shadforth transition to daily attending to Term Deposits. At present the weekly attention to Term Deposits delays investing in a new Term Deposit by at least 10 days. In the instance of having 2 x yearly Term Deposits & 2x 6 month Term Deposits transition to new term deposits if cost8ng me 60+ days not in Term Deposits per Year. This effects all clients across Shadforth and reduces the revenue they get from Term Deposits.**

We understand the concern about delays when reinvesting Term Deposits (TDs). At this stage, we don't have plans to move to daily TD processing. Our current weekly cycle is designed to ensure consistency, accuracy and alignment with how TD rates are provided and how maturities occur across providers.

How the current TD process works:

- TD rates are received late each week and published the following Monday.
- Clients can request a TD at any time, and these are grouped into weekly batches.
- Each Friday morning, the Custody team processes maturing TDs before confirming new TD purchases, ensuring reinvestment instructions are captured in the weekly batch.
- If a TD matures on Thursday or Friday, reinvestment is included in the same week's batch.
- If it matures on any other day, reinvestment falls into the next week's batch.

How maturities are handled:

- Most TDs are aligned to mature on Fridays, avoiding weekends and public holidays ("IOOF process").
- Some migrated MLC TDs mature on other days, but once they roll over, they follow the Friday-maturity process.
- One exception exists for 24-month TDs with interim interest, where interest is paid the next business day if it falls on a weekend.

We hope this clarifies how TD timing works and why occasional short delays can occur. We'll continue to monitor feedback as we evolve our processes.

- 7. Given the effects of climate change, including on our members and their communities, and the increasing share of the renewable energy market, should we be considering divesting any investments in fossil fuels, particularly new extraction projects, to avoid a bad reputation as a responsible investor and the real possibility of stranded assets as countries around the world reduce their carbon footprints.**

Regarding fossil fuel companies, we believe divestment is not the most effective approach to reducing emissions and the related climate risk. Simply selling holdings in high-emission companies could result in them being purchased by investors less focused on sustainability, potentially reducing the pressure on company management to prioritise emissions reduction. This could ultimately have a negative long-term impact on both the environment and investors.

Instead, we focus on engaging selectively with company management, as we believe this approach can drive more meaningful change. In response to climate risk reporting regulations, we are preparing to measure emissions from assets within our portfolio and set future emission

reduction targets. As we continue to refine our risk assessments, we plan to increase our targeted engagement with companies that present the highest emissions risk.

8. How well are sustainable and ethical investments performing?

Ethical funds tend to deliberately exclude investments in certain business activities that the Investment Manager believes are not aligned with the ethical values of its investors. Common examples of this are the exclusion of investments in alcohol manufacturers, gambling operations, manufacturers of controversial weapons and fossil fuel producers. This exposes the investors in such funds to the risk of under or out performance relative to traditional asset class benchmark indices when companies operating in these excluded areas out or underperform the benchmark indices. For instance, historically in periods of geopolitical instability, oil prices have performed strongly and therefore ethical funds that excluded such exposure may have experienced under performance relative to funds that do not account for the ethics of its client by apply exclusions.

Sustainable investments may prioritise investment in companies considered to be sustainable or positioned to benefit from positive sustainability factors or mitigating sustainability risks. Again, this exposes investors in such funds to the risk of under or out performance relative to traditional asset class benchmark indices when this preference results in portfolios with particular differences to the traditional asset class benchmark indices.

There are of course at any point of time many other factors that may also explain variability in performance of ethical and sustainable funds compared to those that do not consider the ethics of their investors.

9. Impact of Bitcoin collapse on markets.

It's difficult to know what drives Bitcoin prices in positive as well as negative directions. Bitcoin's price has roughly halved on the back of the crypto currency's recent severe fall, but neither economic conditions nor investment market sentiment explain why.

In early February 2026, software company share prices fell sharply worldwide as investors grew increasingly worried that artificial intelligence will displace and undermine traditional software business models. However, this was separate from Bitcoin's dynamics.

Bitcoin has no income, no yield, no productive output. Its price relies solely on the hope that someone else will pay more later. To us crypto remains a highly speculative part of the market, and not a clear investment opportunity. For retail investors and super fund members seeking genuine long-term wealth building through fundamentals, crypto remains highly questionable at best.

10. Are current Gold based investments backed by actual gold?

Fund members have gold exposure through investments in Australian gold produces and this has enabled their super accounts to participate in the strong rise in gold prices over the past year. The Fund does not hold physical gold.

11. What is the expected rate of return for cash management accounts for the next 12 months? Is that a fixed rate?

Your Expand cash account is used to process all cash transactions that occur within your account. For example, all money paid into your account and any earnings from your investment options go through your cash account and all fees and costs (excluding indirect costs), taxes, insurance premiums, pension payments and withdrawals (where applicable) are paid out of this account.

Your cash account holding is pooled with that of other members and placed in interest bearing accounts with an authorised deposit-taking institution (ADI) selected by us. The funds in your cash account earn interest. We retain a portion of the interest earned on the pooled cash assets and set a net interest to be credited to your cash account. The interest we retain is the difference between the net rate we credit to your cash account daily balance and the interest we earn from the pooled deposits of the cash account. Interest credited to you is subject to change in line with the rate we receive from the ADI or changes to the interest retained.

For more information, including past performance, please refer to:

https://myexpand.com.au/doc/expand_cash-account/.

12. Has MLC taken over IOOF? My super fund name has changed so many times, I can't keep up. I see you are referring to the Expand fund as MLC Expand. What is going on with that?

No, MLC hasn't taken over IOOF. This is a branding change only, and nothing has changed to your account, investments or how your super is managed. Your super continues to be issued by IOOF Investment Management Limited (IIML), the Trustee of the IOOF Portfolio Service Superannuation Fund. The MLC brand now represents superannuation, pension and investment offerings across the Insignia Financial Group.

13. Does Shadforth have alternative investments on the horizon, should USA upset the world investments in Europe and Asia?

Our investment portfolios are already well diversified across regions, asset classes and sectors, and are designed with a long-term investment horizon in mind. Because of this diversification, we wouldn't typically need to make changes to client portfolios in response to short-term market disruptions, unless there were very significant and sustained changes to global conditions.

14. What is the median duration from death to payment of a death insurance claim in this fund?

Our primary insurer, TAL, had an average Death claim handling time of 7.6 days for the period between January 2025 and January 2026.

15. How has the rise in Japanese interest rates and the collapsing bond market in that country impacted the Australian superannuation industry?

It is important to note that the Japanese bond market, while large in an absolute sense, makes up approximately 8.4% of the key global bond index, the Bloomberg Global Aggregate Index (on a market weighted basis). So the direct impact of the sharp selloff in Japanese government bonds (JGBs) on Australian investors has been relatively low.

Within the IOOF Investment Management Limited (IIML) portfolios, most of our managers have been short the Japanese bond market so the direct impact on our portfolios from the JGB sell off on our JGB positions has been minimal.

However, the indirect impacts on the Australian superannuation industry are further reaching. Some of the broader impacts we've observed include:

1. The unwinding of the Japanese Carry Trade

When Japan began raising interest rates, global investors started unwinding the longstanding Yen carry trade (borrowing cheaply in Yen to invest in higher yielding assets abroad). We believe this unwind has contributed a downward pressure on these higher yielding global assets (including Australian shares).

2. Capital Repatriation by Japanese Investors

As JGB yields rose, Japanese institutions (historically major buyers of foreign assets) pull capital back home. This repatriation reduces liquidity and raises global yields, tightening financial worldwide. This causes overseas bond and equity valuations to come under pressure.

3. Increased Hedging Costs

As a result of the unwinding of the Japanese carry trade and capital repatriation by the Japanese this has led to extreme volatility in the Japanese Yen. This increase in volatility has led to higher hedging costs for portfolios with non-Australian dollar assets.

16. Should I be concerned about the Expand product recently not meeting the regulators performance standard?

For 2025, one investment option, MLC Wholesale Horizon 2 Income Portfolio, did not pass APRA's annual performance test. This option is closed to new members and affected members have been notified. More information is available at myexpand.com.au/super.

17. Hyperion has underperformed over the last 5 month in the Expand Extra fund. What is the plan moving forward?

We regularly monitor the investment options available on our investment menu. If you hold an investment option and if we determine that it no longer meets our minimum criteria for inclusion on our investment menu we will write to you.

18. Can we please have access to an ETF for the top US tech stocks called (the) Mag7 (Magnificent 7)? They have grown massively in the past 5 years and many of them over the past 15-20+ years.

We appreciate the interest in accessing a Mag7-style ETF. We regularly review our investment options, and currently, we don't have plans to add the Mag7 stocks to our investment menu.