

ONEPATH CUSTODIANS PTY LIMITED ABN 12 008 508 496
MINUTES OF THE ANNUAL MEMBER MEETING

Trustee of the Retirement Portfolio Service ABN 61 808 189 263 (Fund)

Annual Member Meeting for the financial year ending 30 June 2022 held online via video conference on Monday 13 February 2023 at 6:15 pm (Melbourne Time).

PRESENT:

Lindsay Smartt	Chair & Independent Non-Executive Director
Beth McConnell	Independent Non-Executive Director
Karen Gibson	Independent Non-Executive Director
Jane Harvey	Independent Non-Executive Director
Steven Schubert	Independent Non-Executive Director
Renato Mota	Chief Executive Officer
Anne Coyne	Chief Member Officer
Dan Farmer	Chief Investment Officer
Frank Lombardo	Chief Operating & Technology Officer
Mark Oliver	Chief Distribution Officer
David Chalmers	Chief Financial Officer
David Flynn	Acting Chief Risk Officer
Chris Tay	Company Secretary
Sharyn Cowley	Company Secretary
Christopher Wooden	RSE Auditor, KPMG
David Lewis	RSE Actuary
Anthony Chan	Actuary
Chris Porter	Defined Benefit Sub Plan Actuary
Geoff Morley	Actuary
Jacqueline Downham	RSE Actuary
Jeffrey Humphreys	RSE Actuary
Michael Berg	RSE Actuary
Saffron Sweeney	Plan Actuary
Surath Fernando	Plan Actuary
Timothy Jenkins	Plan Actuary
Tracy Polldore	Consulting Actuary
Kari Arnison	General Manager Marketing Strategy & Execution Consumer Markets

APOLOGIES:

Andrew Boal	RSE Actuary
John Newman	RSE Actuary

IMPORTANT INFORMATION:

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

The minutes include a summary of the key aspects of the presentations and the member questions submitted through the registration process and answered in the meeting. Any questions about a member's Fund account or questions of a personal nature cannot be answered during the meeting. Members can contact the Member Services team if they have questions about their Fund account or their personal circumstances.

INTRODUCTION AND CHAIR'S ADDRESS

The Chair opened the Annual Member Meeting (**AMM**), welcomed all attendees present and acknowledged the traditional owners of lands on which the meeting was held.

The Chair spoke about the three trillion-dollar superannuation industry with 23 million superannuation accounts across Australia and the importance of a superannuation funds' performance.

The Chair discussed the median growth and returns of superannuation in the last financial year as well as the long-term numbers over the last 30 years according to the Chant West statistics published in July 2022.

The Chair then spoke about the role of the Trustee in improving the Fund for members and focusing on the drive to modernise the product range. He touched on the number of Integra members that moved across to ANZ Smart Choice Super, delivering a total \$3.7 million fee saving each year for members. He also spoke about the shutdown of nearly 70 older investment options and the move of members to more modern products with reduced fees and costs. The Chair continued to speak about the role of the Trustee in providing insurance offerings into superannuation funds and optimising the quality of insurance cover and services.

The Chair concluded with reiterating the legal and moral responsibilities of the Trustee to act in the best financial interest of its members and will continue this throughout 2023.

INVESTMENT AND MARKET UPDATE

Mr Farmer addressed the meeting, making the following key points:

- the global consumer inflation surge;
- interest rate rises and the significant impact to the investment market performance;
- the attraction of income yields given the rise in interest rates and bond yields; and
- the decline of global share valuations.

Mr Farmer also spoke about how the Funds have performed through this environment and spent time discussing the investment outlook and the approach that will be taken in managing money through the next market cycle.

MEMBER ENGAGEMENT AND SUSTAINABILITY

Ms Arnison addressed the meeting and discussed the initiatives delivered for OnePath and ANZ members which include:

- the launch of a new quarterly update;
- an International Women's Day event;

- the new Search for Super facility;
- the new Members information hub; and
- enhanced training and resources for the Contact Centre.

Ms Arnison also spoke about a more sustainable business addressing key environmental, social and governance issues. Ms Arnison spoke about the recent ESG initiatives and went into detail how responsible investing applies to superannuation.

MEMBER QUESTIONS AND ANSWERS

The Chair opened the Member Question and Answer session by introducing the panel which included Dan Farmer who was joined by Anne Coyne, the Chief Member Officer, and one of the directors Beth McConnell to help answer the questions.

1. *Who is my trustee of the fund from 2011 to 2019?*

Beth McConnell: OnePath Custodians Pty Ltd was the trustee of the Retirement Portfolio Service and remains the trustee today.

2. *Is this superannuation organisation with OnePath or ANZ?*

Beth McConnell: Your super is managed in the Retirement Portfolio Service fund. The trustee of this fund is OnePath Custodians Pty Ltd, and there is a range of super products that are offered within the Retirement Portfolio Service and they include a range of OnePath and ANZ branded super products. Just to name a few, ANZ Smart Choice Super, ANZ One Answer, OptiMix Super, Grow Wrap, OneCare Super and PortfolioOne.

3. *The fund has only just transferred to you from previous OnePath managers. How likely will my super balance be to lose gains already made in the 2022-23 financial year?*

Dan Farmer: The Insignia Financial Investment team took on managing the OnePath portfolios back in 2019. Just by way of general background, it is important to remember that throughout the transfer process and at all times, your trustee has a responsibility to act in your interests and part of that responsibility is to continuously monitor and review the performance of your investment strategy, and this is to make sure it remains appropriate.

On top of this trustee review, the investment team, also continuously monitors and adjusts investment strategy really to ensure and give us the best chance of delivering the strongest outcomes we can, given the objectives of your fund. As part of this continuous review, we have made significant enhancements to both SmartChoice and OptiMix multi-manager funds.

We have added deeper diversification through increased allocations to private and alternative assets and pleasingly, these changes really helped performance during the weak markets we saw over 2022. As to your question of what returns will portfolios generate over the next 12 months, this is always a highly tricky question and really dependent on what happens in major share and bond markets around the world over the next 12 months.

For us, the focus on the long term is really key and our wide diversification means your multi-asset portfolios are not dependent on any single investment, thematic or asset to drive long term returns, which really helps cushion your performance against any market volatility we might happen to see over the next 12 months.

4. *Do you run seminars for seniors who need investment advice prior to retirement?*

Anne Coyne: We hold seminars and educational webinars each year that are designed to keep members up to date with the latest research and insights on super. Look out for invitations via email to join us.

5. *How do you believe the government will amend or tax super into the future?*

Beth McConnell: I will reflect that I have been involved with the super industry since the early 1990s and the one constant during that time has been continual change. We are expecting that the super industry will need to continue to respond to ongoing legislative changes as the government continues to seek to enhance the integrity and the security and modernisation of the system. Just to name a few of the legislative initiatives on the horizon, legislating the Objective of Super to focus on an adequate income in retirement and a comfortable standard of living for retirees.

The Objective of Super is currently being debated, and the aim is to have a common agreed objective of superannuation and legislate that objective ahead of the conversation around super tax concessions. We will continue to engage with Government as these discussions progress. Also, worthwhile mentioning, we are expecting some reforms following on from the Quality of Advice review, which focused on access to high quality and affordable financial advice and probably a third reform to watch out for is the Your Future and Your Super reforms.

There is a technical working group focusing on ensuring there are no unintended consequences from the performance test. In addition, we are focused on having a safe and future proof system based on environmental, social, and good governance elements, so ESG. This focus is obviously heightened as we continue to see increasing sophistication in cyber and financial crime threats in the broader financial services industry, as well as the need to support investing in a more sustainable future.

6. *What's likely to happen to Bonds once interest rates drop again, as they haven't performed well since interest rates increased?*

Dan Farmer: We spend a lot of time thinking about these topics. You are right in the sense that bonds and fixed interest assets have just had one of their worst years since the late 1970s and this is really thanks to the jump we have seen in inflation and interest rates that we talked about earlier. But the good news is that following these falls, we think the forward-looking returns for fixed interest are now much more attractive given the higher yields we are seeing today. In our view, the inflationary pressures that we have seen post-pandemic, which is ultimately what caused central banks to push interest rates up, are now showing signs of slowing and probably have peaked. We are getting more comfortable that central banks are not too far away from peak interest rates and we could even see interest rate cuts later this year. In our view, this sets us up for a reasonably good period for bonds and fixed interest returns going forward.

Given the environment we have talked about, I think there is a few points that support this positive view. Firstly, the high yields we are seeing today simply mean we earn more income from holding these fixed interest assets and without taking on extra or extraordinary risk. Credit sectors like high yield and loans are also at attractive value valuations following the falls we saw last year. So we are seeing good returns from

credit and we also think we could see investors that look for income in other riskier asset classes like property or high dividend paying shares might actually start returning to the bond markets to look for income. So overall, we think the outlook for fixed interest from here is actually looking much healthier than it has for a number of years.

7. *When will all the different RSEs that is the four trustee entities within the group, the Insignia financial group, be consolidated and can you provide an indicative timeline?*

Beth McConnell: Our strategic intent is to simplify our business, to unlock the benefits of scale for our members. And simplification will need to occur at multiple levels of our business from the number of our sales or the trustee entities, the number of products, the number of administration systems, and many other elements. So we anticipate that simplification timeline will take a number of years to complete with some good progress already underway.

8. *Are we already investing into gold and gold investment companies?*

Dan Farmer: To answer this question I will focus in on the Default Lifestage funds. If we look at the SmartChoice Lifestages funds, they currently do not have any direct holdings in physical gold. In other words, we do not hold gold bars in a vault. Having said this, the Lifestage funds do invest in gold companies that are listed on stock exchanges around the world and investments in these gold companies actually give us indirect exposure to movements in the gold price. As you can imagine, these listed gold companies tend to benefit from a rising gold price. So, to address your question, yes, we are already invested in gold companies, but we are not invested in physical gold.

9. *What is the value of ongoing fees and if the returns outweigh the costs. Also, when will OnePath be looking to decrease fees and how do we plan to bring greater transparency to fees?*

Anne Coyne: We always recognise that fees are a key area of interest for members. That is why we moved 21,000 Integra Super members across to ANZ, SmartChoice Super, and that delivers a \$3.7 million fee saving each year for our members. We are committed to lowering costs for members and helping to grow their retirement savings.

10. *How are ethical sustainable funds going compared to other investments and how do you vet greenwashing the investments and validate a company's green performance?*

Dan Farmer: If we look across the wider market, we have actually recently seen some ethical and sustainable funds underperforming, and they are underperforming mainly because they do not hold many energy or mining stocks. These stocks and sectors have performed pretty well lately, but when we look at this relative performance, it is really important to remember that the record profits we are seeing from these energy mining companies today are really in large part driven by current geopolitical pressures, especially Russia's invasion of Ukraine.

Over the long term, these energy companies really have to manage the tricky transition away from fossil fuels. Turning to your question around greenwashing, we expect that managers that we appoint will consider material ESG issues when researching and selecting the various companies they invest in on our behalf. When we onboard new managers and really on an ongoing basis, we do carefully monitor

our managers approach to responsible investing and this really helps us validate their commitment to ESG.

11. *Is the fund actively committed to more ESG options for its future?*

Dan Farmer: We really aim to offer a wide variety of investment options on our menu. So as a member, you can choose from investments that are right for you and these options on our menu are reviewed regularly. In terms of ESG options on the OnePath, OneAnswer, Frontier menu, we have a number of ESG options already available, and this includes funds like the BlackRock Diversified ESG Growth Fund and also our own OnePath Sustainable Investments Australian Shares Fund. We remain committed to offering appropriate choice on our investment menus, and this includes ESG options as well.

12. *How can I avoid investing in green energy markets?*

Dan Farmer: The best way to try and answer the question is to point out that our underlying investment managers in our multi-manager funds are not prohibited from investing in traditional energy companies or our managers are required to invest specifically in green energy related businesses. Decisions by our investment managers or the investment team itself to hold or not to hold any particular energy asset is based on the merits as an investment alone and this is taking into account all the different risks and opportunities that we can identify. In other words, if a green asset is held, it is only held because it is viewed as an attractive investment opportunity.

13. *What's being done by OnePath to fight cybercrime?*

Beth McConnell: OnePath Custodians Pty Ltd as a trustee of your super fund takes cyber security very seriously. You would all be aware that there is been some high-profile cybercrimes in recent times and we are very focused on optimising the safety of your superannuation and your personal information. The Trustee and the broader Insignia Financial Group does this through a number of initiatives employing security operations, security architecture and cyber security groups who work together with our risk functions and with our business more generally.

We also have a range of security functions such as firewalls, network configurations and intrusion detection. We have a strong focus on education across our staff, our clients and our advisors. For our SmartChoice fund, we have two factor authentication in place for added protection and we are continuing to look at ways to improve the services we provide.

14. *What effect will a Centralised Banking Digital Currency have on my super?*

Dan Farmer: I think there is certainly some potential advantages as well as disadvantages of the central bank digital currency. As we sit here today, though a central bank, digital currency is still really a concept rather than the reality.

It is actually quite difficult at this stage to really speculate with any degree of confidence about what impact this might have on the superannuation industry in the future. What I can say though is, as an investment team, we are always interested to track and monitor new developments like these that will always require they pass our really strict due diligence and research process, and they will have to show benefits in terms of returns to our members before we consider adding them to your portfolio.

15. *What can we do to help members withdraw funds for compassionate reasons like major medical expenses?*

Anne Coyne: It is certainly an issue. If any of our members are needing money to pay for major medical expenses, they may be eligible to access super early on compassionate grounds. The Government has criteria that you need to meet before you are entitled to claim. We recommend you get guidance and support, and you can do that by going to the ATO website or you can give the tax office a call. Their number is 13 28 61.

16. Are you taking any early positions on the coming Hydrogen boom?

Dan Farmer: There is no doubt that Hydrogen is a potential mainstream energy source is interesting. But I think we have to recognise that commercialisation paths today are still fairly uncertain and really subject to a lot of market and regulatory risk going forward. I can definitely see the Hydrogen industry has potential for significant growth, but it is still in its early days of development. There are some specific challenges for hydrogen to overcome, including high cost of production for Hydrogen, Hydrogen is difficult to store and transport and there is actually limited existing infrastructure in place today.

If we think about our portfolios, there is certainly different asset classes where, hydrogen assets could potentially play a role. In our infrastructure strategy, we tend to look for assets with attractive and stable current income. We are probably less attracted to taking on emerging technology risks like hydrogen. So as of today, we are not investing in hydrogen bar our infrastructure fund. In our private equity strategy, where we have assets and investments with early-stage venture managers who could actually look at Hydrogen assets. Currently, Hydrogen technologies is not a big focus for our venture capital managers.

They are really seeing other market segments such as software and fintech is offering more attractive investment opportunities. Having said this, we do constantly review our investment managers and potential new interesting areas to invest. If we assess the conditions are right, we will move into new market segments like Hydrogen.

17. When will you be updating your online platform to provide performance insights and analysis functionality so that you can do more than just look at transaction lists? The current functionality is pretty poor.

Anne Coyne: We are continuing to look to enhance our digital experience and providing performance insights and analysis functionality is on our list of potential improvements.

18. Is it possible to invest in index tracking ETFs via OnePath ANZ superannuation?

Dan Farmer: The short answer is that we do not offer index tracking ETFs via OnePath ANZ superannuation. However, the good news is that we do have some similar index tracking strategies within the OnePath ANZ branded superannuation product suite. If we look at OneAnswer Frontier, it has 11 index options at competitive fees and these cover diversified index options as well as some single sector options across a number of different asset classes.

It is probably also worth noting that the ANZ Smart Choice also offers options which invest a large portion of their assets into underlying index tracking portfolios.

19. For many members who have multiple superannuation accounts floating around, what are some of the advantages of consolidating one's numerous supers into OnePath?

Anne Coyne: Consolidating your super into one account can make it much easier for you to keep track of your super. You can avoid paying unnecessary fees and potentially multiple insurance premiums and it could boost your super balance over the long term. However, it is important to weigh up the benefits of each of your super accounts and consider speaking to your advisor before making any decisions about your super.

20. *As housing affordability continues to be a real challenge for many Australians, can I use my superannuation to buy my first home?*

Anne Coyne: If you are a first home buyer, you may be able to use your super to buy your first home. It is through a Government initiative called First Home Super Saver. Only super contributions that you make such as personal contributions and salary sacrifice can be used. You can't use contributions made by your employer. There are rules so it is important to consider whether it is right for you. You may need help and guidance, you can call us, you can go to our website, or you can speak with your financial adviser.

21. *Why has the bank made millions of profit yet my super fund continues to lose money and never goes anywhere? Why can't these millions in profit go back to the people?*

Beth McConnell: Your fund is not owned by a bank, nor is it associated with a bank anymore. The trustee of your fund is now part of the Insignia Financial Group and as a trustee of your fund, we are focused on the outcomes for our members.

22. *Where's the best place to find out about what makes up our fund and product portfolio?*

Dan Farmer: We want to give members access to all that information and really the best place to go is our website, which holds all our product disclosure statements and investment menus. These documents show all the portfolio options where we invest and our fees and costs.

23. *Can you explain what related party payments are and what are they used for?*

Beth McConnell: Firstly, a related party payment is when we transact with a related party. For example, when we as a trustee company purchase shares from another company in the Insignia Financial Group, that might be for important services we need to run the super funds such as administration or investment services.

Some entities use unrelated service providers, whereas we use many service providers from the Insignia Financial Group. A couple of observations about related party payments, our related parties are accountable to the trustee for any services that they undertake for our members, and they are subject to contractual requirements in doing so. As a group, we all share a mutual commitment to simplifying our platform suite and enhancing the quality and the features of our offering and delivering more competitive pricing. That is going to be a key focus in the next few years for us as your trustee entity, as well as the wider Insignia Financial Group.

As part of the new regulations for this annual member meeting, all funds are required to disclose related party payments, and these payments include a range of things like investment management costs, promotional and marketing services, directors' fees and Board committee fees, insurance services, financial planning, arrears collection and other types of member services. They equate to about \$348 per member per

year across our 454,000 member base. If you would like more detail on related party payments, they are available in the financial statements on our website.

24. *What are our views on today's global debt levels?*

Dan Farmer: It is a big topic. We do focus on the build-up in debt levels over the last few years, and we think that build-up in debt levels poses a mild concern, but not a major risk. I think it is really important when we talk about global debt, we need to remember that this captures debt held by governments as well as that it captures debt by corporates and households. There is very different dynamics at play across these different groups.

If we think about government debt, it is important to remember that the build-up in government debt we saw through the COVID period was really critical in funding those support programs like Job Keeper. The build-up in government debt was definitely for a good cause, nevertheless, debt levels are high. Back in 2021, the IMF estimated that total global debt was about 250% of global GDP, and this percentage would only be higher today. There is no doubt governments will need to show some spending discipline to work down these high debt levels.

Pleasingly we are starting to see this discipline emerge. If we turn now look at companies and households, they are starting the year in pretty good shape with quite strong balance sheets. If you cast your mind back to the COVID lockdowns, households were tending to save more and pay down debt. Likewise, businesses were generally managing cost quite well and many businesses locked in low interest rates for quite a few years ahead. We see households and businesses being in generally good shape and should really be able to manage their debt levels going forward. In the current era of high interest rates, the burden of debt repayments just becomes even more challenging, but overall, from our perspective, we see debt levels as a mild challenge, but not a not a major risk.

25. *Do we have any comments on the circular economy and what that might mean in the short and long term?*

Dan Farmer: My take on the concept of the circular economy is it is essentially about creating a more efficient economic model which minimises waste and maximises recycling. So at its core, it really recognises that we live on a planet where resources are obviously finite and basically argues that we need a material shift in our mindset, in our business practices, really to create a more sustainable form of capital capitalism going forward.

From an investment perspective, where I come from, this is actually quite sensible, reducing waste, recycling more and generally just making more efficient use of resources supports both profitability and the general long run health of the economy. Because of that, we are actually quite supportive of this way of thinking.

When we look at our portfolios, we are just seeing more and more examples of efficient use of resources supporting profitability in companies that we invest in and taking a broader view, I think we will start to see a greater uptake of these circular economy concepts as the investment industry as a whole really deepens its focus on ESG and responsible investing, just like we are at Insignia Financial.

26. *Can members use super funds as a deposit on an investment property?*

Anne Coyne: The purpose of the First Home Super Save scheme is to help Australians use a super account to purchase their first home. It is not designed to help you invest in property. If you would like to know more about the scheme, we

recommend that you visit our website to find out more, give us a call or speak to your financial advisor.

27. *What we do when an investment category shows poor performance? What's the criteria for exiting that investment class?*

Dan Farmer: We spend a lot of time thinking about those types of questions. As I touched on in my talk earlier, we really take a long-term view when we invest. It would be really quite unusual for an entire asset class like shares or fixed income to have a negative or poor returns expected over the long term over 10 or 20-year periods.

Having said that, we do see shorter term periods where we see significant underperformance for particular asset classes, and we clearly saw this in fixed interest last year. We definitely look to manage these periods of shorter-term underperformance and we do this in two key ways. Firstly, deep diversification is critical. If one asset class is suffering weak performance, we hold other asset classes that we expect to offset this with stronger performance. This wide diversification really means your multi-asset portfolios just are not dependent on a single investment thematic to drive long term returns. This really helps cushion against market volatility.

The second way we look to manage these periods of underperformance is in many of our funds. We actually actively lower our allocation to asset classes where we see the forward-looking returns are low or we see forward risk is appearing high. The important point to note here is the focus on forward looking returns. A fall in markets again, like we saw in fixed interest last year, can mean that forward returns are actually particularly attractive as prices are cheaper following the drop in markets. But again, in the long run, diversification is key.

As members, you have investments in a really great breadth of asset classes. There is a myriad of securities within those asset classes, a lot of different investments, styles and geographies and in multiple investment managers. All of this is really designed to give you a smoother ride through these periods.

28. *Many of my colleagues have moved their super to an industry fund. What are the benefits of staying with you?*

Anne Coyne: Your fund is part of Insignia Financial, one of Australia's largest wealth management businesses, and we are listed on the Australian Stock Exchange. We have one of the largest investment teams deploying a wide range of skills and experience to manage your funds. It is this size and experience that provides opportunities to improve and simplify investment products to drive better outcomes for our members. Hopefully these benefits help you feel confident about our investing your retirement savings with us.

MEETING CLOSE

The Chair advised that minutes of the meeting, responses to questions submitted but not answered during the meeting and a recording of the meeting would be available on the Funds' website within one month of the meeting.

The Chair thanked everyone for attending and submitting questions. He also thanked members for trusting the Trustee with their super. Lastly, the Chair gave his thoughts and wishes to members, family and friends affected by the natural disasters in Turkey and Syria and more recently, closer to home in Auckland.

The meeting closed at 7.20 pm.

A handwritten signature in black ink, appearing to read 'L Smartt', written in a cursive style.

Lindsay Smartt

Chair of the Board

OnePath Custodians Pty Limited

1 March 2023