



**ONEPATH CUSTODIANS PTY LIMITED (ACN 008 508 496)
Trustee of the Retirement Portfolio Service (Fund)**

Minutes of the Annual Members' Meeting of the Fund for the financial year ending 30 June 2020 held online via Lumi video conferencing on Thursday, 25 February 2021 at 5:00 pm (Melbourne time).

Presenters:

Mr Lindsay Smartt	Chair of OnePath Custodians Pty Limited Board, Independent Non-Executive Director
Mr Renato Mota	Chief Executive Officer, IOOF
Mr Mark Oliver	Chief Distribution Officer, IOOF
Mr Dan Farmer	Chief Investment Officer, IOOF
Mr Frank Lombardo	Chief Operating Officer, IOOF

Present:

Mr Lindsay Smartt, Ms Carolyn Colley, Mr Alan Chonowitz, Ms Jane Harvey, Mr Andrew Bloore, Mr Renato Mota, Mr Mark Oliver, Mr Dan Farmer, Mr Frank Lombardo, Mr David Callan, Ms Varni Thivianathan, Mr Manish Utreja, Ms Lorna Stewart, Mr Brett Marshall, Mr Matt Olsen, Mr Bill Sapcas, Mr Cable Rickard, Ms Lisa Chehab, Mr Zoran Trajcevski, Mr Mark Horton Andrews, Mr Michael Berg (RSE Actuary), Mr Andrew Boal (RSE Actuary), Mr Anthony Chan (RSE Actuary), Ms Jacqueline Downham (RSE Actuary), Mr Surath Fernando (RSE Actuary), Mr David Lewis (RSE Actuary), Mr David O'Keefe (RSE Actuary), Ms Angela Hartl (RSE Actuary) and Mr Andrew Reeves (RSE Auditor).

Important Information:

The presentation, question and answer session, and meeting minutes may contain general advice that does not take into account a member's objectives, financial situation or needs. Before acting on any general advice, the member should consider whether it is appropriate to his or her individual circumstances. Before making any investment decision the member should obtain and read the Fund's product disclosure statement which is available at <http://www.onepath.com.au/superandinvestment/products.aspx> or by calling 13 12 87. Past performance is not an indicator of future performance.

These minutes include a summary of the key aspects of presentations, questions and answers during the meeting.

Opening address: The Chair acknowledged the traditional custodians of the land and paid respects to their Elders past and present, and to all Aboriginal and Torres Strait Islander peoples attending the meeting.

The Chair:

- welcomed members to the first Annual Members' Meeting of the Fund;
- introduced himself, noted he had been appointed as Chair of the Board last month and thanked the previous chair, Ms Victoria Weekes, for her expertise and excellence in leading the Board over the last 9 years;
- noted that early last year, OnePath Custodians Pty Limited became part of IOOF, a large specialist wealth management group, and in the 12 months since the Fund

had operated as part of IOOF, the change had been seamless for members, including some early benefits;

- provided an overview of the format of the meeting which would include presentations by members of the IOOF Senior Executive Team with key responsibilities for various aspects of the Fund's management, its performance and success;
- advised that the meeting was being recorded and that the question and answer session would commence when the presentations had concluded;
- advised how members could ask questions;
- introduced the Trustee Board Directors, gave an overview of the role of the Board and noted it operates independently from IOOF management and the IOOF Holdings Board; and
- noted that the Board has confidence that IOOF's focus on wealth management, its scale and ClientFirst culture puts the Fund in a strong position to pursue its strategy, and to focus on things that matter most to members, including performance, service and cost.

The Chair introduced the Chief Executive Officer (**CEO**), Renato Mota, and invited him to address the meeting.

**CEO's
address:**

Mr Mota addressed the meeting.

Mr Mota:

- welcomed the members of the Fund to the IOOF Group and provided an overview of IOOF's history, which is centred around helping communities in their time of need and supporting people;
- discussed the challenges of 2020, due to the global pandemic and bushfires, but noted that IOOF had been able to return in excess of \$1.4 billion to members;
- highlighted IOOF's purpose, 'understand me, look after me and secure my future', and explained how it is at the forefront of all interactions with members; and
- noted the three key elements that drive thinking at IOOF:
 1. having the people and culture that represent member interests;
 2. having the resources to continue to reinvest to find new and better ways of working; and
 3. never forgetting that IOOF's success is entirely tied to members' personal success and IOOF's ability to deliver members financial confidence.

Mr Mota handed over to the Chief Distribution Officer (**CDO**), Mark Oliver.

**CDO's
address:**

Mr Oliver addressed the meeting.

Mr Oliver:

- provided an overview of the Fund, noting that it is made up of a number of superannuation, retirement and investment products across some 850,000 accounts and with a value of member balances around \$35 billion;
- noted that that the products issued by the Fund aim to give members choice of flexible options that meet their own needs and requirements and are focused on enabling financial security;
- highlighted that there are great opportunities that come from the size of the membership to ensure that IOOF can continue to invest and deliver best in class solutions;
- noted that since completing the Fund's transition to IOOF, there has been a renewed focus on improving member outcomes and ensuring products and services always fit member needs;
- explained the work being undertaken to simplify ways to access account information online and provide more personalised communication;
- discussed the challenges impacting the life insurance environment and the ways in which IOOF is working with insurers to provide competitive insurance cover which represents value for members; and
- highlighted that the Fund is well-positioned to support members on their life journey.

Mr Oliver handed over to the Chief Investments Officer (**CIO**), Dan Farmer.

**CIO's
address:**

Mr Farmer addressed the meeting.

Mr Farmer:

- provided a summary of the investment markets over 2020;
- noted that the recovery in share markets over the second half of 2020 has helped grow the superannuation balances of many of our members over a tough year;
- explained the composition of the IOOF Investment team;
- noted that the IOOF Investment team continuously reshapes portfolios as conditions change while monitoring and managing exposure to risk;
- explained that the IOOF Investment team was working hard on the investment strategy of the flagship Smart Choice lifecycle funds and a number of significant enhancements would be rolled out in 2021 to ensure net returns are strong in the future and provide members with an even more balanced portfolio in order to deliver reliable returns over the coming decades;
- provided an overview of IOOF's approach to responsible investing to ensure climate change and environmental, social and governance (**ESG**) issues continue to be fully considered;
- noted that climate change and ESG risk also have an impact on investment returns and superannuation balances and that IOOF continues to evolve and develop its approach to ensure climate change and ESG issues are fully considered;

- noted the importance of diversification across a range of different assets as central to managing risk and delivering good outcomes over the long term;
- advised that IOOF's role is to manage members' funds for long term performance, not just for a 12-month period;
- reminded members of the importance of matching their financial goals with an appropriate long-term investment strategy; and
- highlighted three key points:
 1. equity markets are recovering well as we emerge from the pandemic, reflecting the importance of upholding a long-term strategy.
 2. the flagship Smart Choice fund is growing the real value of super balances over the long run.
 3. the IOOF Investment team has grown in size and strength, and is delivering enhancements on flagship funds over 2021.

Mr Farmer handed over to the Chief Operating Officer (**COO**), Frank Lombardo.

COO's Address

Mr Lombardo addressed the meeting.

Mr Lombardo:

- outlined how IOOF and ANZ operations are coming together to deliver better outcomes to Fund members;
- outlined how IOOF's ClientFirst philosophy has changed the way IOOF thinks, which is to think and act from the member's perspective rather than being transaction focused;
- advised that the ClientFirst approach means one team member deals with your call to ensure there are high quality conversations and end to end accountability;
- provided an overview of IOOF's strategic priorities, which include improved workflow systems to track and monitor member requests, greater use of robotic automation and proactively helping members to engage and better understand the complexities of superannuation;
- advised that the ClientFirst model worked exceptionally well during 2020, which demonstrated that IOOF is responsive to members in uncertain times;
- played back a recording of a member call to demonstrate the ability to complete a member withdrawal over the phone;
- advised that the ClientFirst model continues to be a significant investment and IOOF is confident that it will meet members' needs, encourage greater levels of engagement and understanding, particularly for those members who do not have a financial adviser; and
- noted that where members have a financial adviser, IOOF will work with the financial adviser to ensure that their needs are met.

Mr Lombardo handed back to the Chair.

Member question and answer session:

The Chair advised that that concluded the formal presentation and opened the meeting for questions.

The Chair advised that questions could be typed into the question box and as many responses as possible would be provided before the close of the meeting.

Ms Chehab narrated the questions below, which were answered by the relevant presenter.

1. *Why the change from ANZ to IOOF?*

Some years ago, ANZ undertook a strategic review and decided to pull back from Wealth management and this involved selling the Fund to IOOF. On 31 January 2020, IOOF acquired ANZ's Pensions and Investments businesses. There is no impact as a result of the change of ownership to your superannuation, pension and/or investment product and the support you receive will remain the same.

2. *Will synergies from the purchase of MLC wealth pass through to members as you scale the IOOF business?*

Late last year, we announced the acquisition of MLC, which is yet to complete. Assuming it does complete, IOOF believes that scale is fundamental to achieving improved outcomes for members. The acquisition will lead to a stepped change in IOOF's scale and enable IOOF to generate efficiencies to deliver lower operating costs. For example, this can be achieved through the application of technology, removal of duplicate functions, and obtaining more favourable terms from third party suppliers.

3. *Question 1: Why has ANZ Smart Choice Super performed quite badly during the last financial year?*

Question 2: What investment decisions and/or considerations is IOOF taking to ensure members will have long term confidence with this product?

It is assumed that these two questions refer to the MySuper default investment option.

Question 1 response:

The Smart Choice Lifecycle funds have a long-term focus to provide a comfortable retirement. The funds are delivering on these long-term investment objectives. Over the last financial year market returns, equities in particular, were negatively impacted by the pandemic and associated economic lockdowns, and this was reflected in the returns of many funds including Smart Choice. However, the massive fiscal and monetary policy response has supported a recovery in equity markets through the current financial year

Question 2 response:

We are committed to continuous improvement in our products and looking for ways in which we can continue to deliver on that long-term goal of delivering members a comfortable retirement.

Over the course of 2021, you will see a number of enhancements coming through. Two key enhancements include:

- the addition of 'alternative investments', such as private equity, private debt and infrastructure.
- lifting the glidepath by increasing the proportion of growth assets, particularly for younger members, to increase probability to deliver retirement balance.

4. *I don't have financial advice from ANZ this past year unless I book a meeting and pay a fee. I only draw the minimum from my super balance. Does this minimum amount automatically change on an annual basis depending on market conditions? How are we advised of the new minimum?*

The minimum amount changes annually which is dependent on your account balance and age. You will receive a letter from us at the start of each financial year advising your new minimum amount. If you require an alteration or you want an additional withdrawal during the year, contact us on 13 12 87 and our team will be happy to confirm that information for you.

5. *Do we change our investment strategy or does the fund do that based on age?*

We are unsure what particular product you are in. If you are in Smart Choice, the product offers two types of investment options: life stage options which are designed for members who would like their allocation between growth and defensive asset classes automatically adjusted to become more conservative over the longer term, and Choose Your Own options, where members can mix and match between single and multi - sector options. We are happy to chat to you on the phone on 13 12 87 if you want to confirm which product you are in.

6. *What are the key challenges facing Super funds in the next 5 years?*

There is always a lot going on in the superannuation environment. We have seen a number of mergers of super funds and this will continue in the future. The critical success factor is member experience and what comes from the merged entity.

Another challenge will be the Government's "Your Future Your Super" reforms which plan to introduce 'stapling' of your super account when you change jobs. This means when you start a new job, new super contributions will be paid into your existing super account, unless you choose another fund. Super contributions won't get automatically paid into a super fund under an industrial award. This will directly affect some super funds – particularly some industry super funds that rely on industrial awards for new members. But it will also mean that engaging members so they can see the value in their super and identify with their super fund will be more important than ever.

There is also the question of how much money is going into your account in regard to the superannuation guarantee. Presently the rate is 9.5% which has remained unchanged for 5-6 years, however the rate is currently legislated to increase from 1 July this year up to 12% over the next few years. The Government is currently reviewing the legislated increase and we may see this change.

Super funds will also have to work out how to enable their members to access affordable targeted financial advice, and not only at retirement, but during accumulation as well. Super is complex and people need help and a plan. This is an ongoing challenge as the industry matures.

The other key challenge for super funds will be dealing with the retirement or draw down phase in super. Many super funds have only focused on the accumulation side of super and have not developed flexible products for the retirement phase.

The low interest rate environment and the potential for lower returns in the near term is a further challenge.

7. *What is the funds policy on sustainable investing?*

In our internally managed funds offered on the platform, we are active in addressing ESG risks. We do this because we recognise that climate change and ESG risks can have an impact on long-term investment performance.

We set out how we address these risks for internally managed options in our Statement of Responsible Investment principles. There are four key approaches that we seek to take to manage those ESG and climate risks:

1. underlying investment managers are integrating those risks in their decision making.
2. recognise that we are owners of underlying stocks/businesses and take an active ownership approach.
3. themed investment – where an investment has a positive ESG or climate change impact we will look at those investments favourably. However, we do ensure those investment stand up on their own and must support better long term returns for members.
4. exclusion

In practice, when we are selecting underlying investment managers, we take into account the ESG credentials of those managers. We are also beginning to increasingly measure ESG risk inside portfolios and score those assets, tracking 37 individual ESG risks and 10 themes, including climate change.

Disclosure is also an important issue. We are seeking to provide enhanced disclosure, however acknowledge that we can always do more. We are benchmarking our own funds to see how we compare to other funds and considering carbon intensity impacts on long term returns in how we set long term strategic asset allocation. Good long-term risk adjusted returns to help members have a comfortable retirement.

8. *What security checks are made before releasing funds from superannuation accounts?*

This is an important question and there is a lot of conversation in the community about security, especially about cyber security. We take the security of your account very seriously and we are privileged to look after your life savings. We are constantly looking at the systems and procedures in place.

Prior to releasing funds we ensure that the proper Know Your Client (KYC) validation is in place on your account. If we are unable to verify, we will request certified ID. At the time of withdrawal, we will compare your documents with original documents provided. If there are any discrepancies, we will contact you to validate and confirm you are who you say you are.

9. *The insurance premium has increased for Death, TPD and particularly income protection. This is not in line with other providers. What is the disparity and what is being done to address this?*

We acknowledge that, for some member groups, the Insurer (an unrelated party) did increase the premiums significantly as a result of claims increases, particularly in the Toll employer sub-plan and to reflect claims increases occurring in the broader insurance market. The general market for insurance has been challenged over the last few years, because health matters and illnesses are becoming more prevalent and people are living longer. This is driving up premiums.

On behalf of the members the Trustee reviewed the group life insurance market to see if better insurance fees could be obtained. This resulted in a 6% reduction in insurance fees

from 22 November 2020. For some employer plans the insurer (an unrelated party) increased premiums in light of claims history and market movements. Information is also provided in the Significant Event Notice as to what members could do with regard to their insurance cover when we advised of the premium increases.

10. *Are you diversifying into stores of wealth and speculative assets (such as digital assets like Bitcoin and etherium) to take advantage of these uncertain times?*

We are not directly holding these in the portfolio. The data to date does not support these assets as a diversifier and adds risk to our member balances. However, members can still benefit from the underlying technology because block chain technology has a broad application across a whole range of industries, such as banking and inventory management.

11. *Am I able to withdraw my superannuation monies in whole if I go overseas and am not an Australian permanent resident?*

If you are not a permanent resident of Australia and are residing overseas, you can submit a Departing Australia Superannuation Payment (DASP) withdrawal request. If you call us on 13 12 87, one of our team can help you with this.

12. *What are the maximum benefits in keeping our super in ANZ Super Advantage?*

The broad benefits of ANZ Super Advantage include:

- Wide investment choice - access over 50 specially managed investment funds.
- Insurance - protect your assets and those closest to you through insurance cover conveniently packaged within your super.
- Online access - track and manage your superannuation account online through ANZ Investor Access.
- Convenient payment options - make contributions via a series of easy payment methods including BPAY and direct credit.
- Portability between employers when you change job.

We encourage you to contact us on 13 12 87 to help you navigate some of the other benefits or discuss alternative offer which may better suit your needs.

13. *How does the IOOF team secure our money against the different crises and the effect on the Economy and the investments they do with our Money?*

We have a well-established process which is anchored in a long term outlook but takes into account current market conditions. There are two key parts to our process.

The first is an annual review process to check that our long term investment strategies are positioned for those expected returns. The objective is to maximise our chances of delivering strong expected return for the particular risk profile, given 10-year return outlook.

Between these annual reviews, we are continuously reviewing markets and if risk or opportunities arise over the short term, we can move away from long term strategy within set parameters.

By taking both a long term view in setting our strategic asset allocation and a shorter term dynamic monitoring, we aim to ensure members' money is well positioned for the economic environment and crises that arise from time to time.

14. *Most of my contributions seem to disappear in insurance fees. And I pay two insurance fees a month. How can I find out or talk to someone about what these are for and how can I change or cancel these?*

We encourage you to contact us on 13 12 87 so we can have a conversation with you about your insurance and let you know how to go about switching off those fees if you no longer require the insurance cover. Insurance is a complex area and it is well worth seeking financial advice on these matters.

15. *What plans are there to increase the range of underlying asset classes and options across the underlying investment range?*

It is assumed that this question refers to the ANZ Smart Choice product. The changes are outlined in the response to question 3. Members would have received a significant event notice which details the changes along with other enhancements we have made.

16. *What is the Bank's 5-year annual growth projections on Smart Choice Super fund returns?*

We do not explicitly make short term return forecasts over 5 years, due to our long term focus. We formulate longer term outlooks over 10 years.

17. *Are the OnePath funds regulated by APRA and thus eligible for compensation for fraud and/or theft?*

The Trustee of the Retirement Portfolio Service (RPS) is OnePath Custodians Pty Ltd, a Regulated Superannuation Entity licensee, and as such is regulated by APRA.

As the RPS is a regulated super fund, Part 23 of the Superannuation Industry (Supervision) Act 1993 provides for financial assistance suffered as a result of fraudulent conduct or theft causing loss of funds for paying benefits. Assistance is subject to application, conditions and losses being determined as eligible.

18. *How can we manage our account and portfolio online? And when will an app be made available?*

ANZ Smart Choice members are provided access to their account via ANZ Internet Banking. The main online management features are view details and account balance, switch investment options, nominate beneficiaries, vary insurance cover and rollover external super funds. The ANZ App also provides the ability to view your details, account balance and insurance details, and consolidate external super funds. For access please refer to <https://www.anz.com.au/personal/investing-super/superannuation/super-guides/take-control-of-your-super-online/>

Closing remarks:

Ms Chehab advised that the allotted time to respond to questions had been reached.

The Chair encouraged members to contact the Member Services team if they had questions about their account or personal circumstances.

The Chair:

- noted that answers to all Fund related questions, including any outstanding questions, would be published on the Fund website within one month after the meeting, along with the minutes of the meeting.

- advised that a recording of the meeting would also be available on the website.

On behalf of the Trustee Board and the presenters, the Chair thanked members for joining the meeting.

There being no further business the meeting closed at 6:30 pm.

Signed:



Lindsay Smartt
Chair

Dated:

21 March 2021