

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

Annual Member Meeting for the financial year ending 30 June 2024 held online via video conference on Tuesday, 18 February 2025 at 4.00 pm (Melbourne Time).

### PRESENT:

Danielle Press	Chair & Independent Non-Executive Director
Beth McConnell	Independent Non-Executive Director
Karen Gibson	Independent Non-Executive Director
Steven Schubert	Independent Non-Executive Director
Marianne Perkovic	Independent Non-Executive Director
Mario Pirone	Independent Non-Executive Director
Debbie Alliston	Committee Member, Superannuation Trustee Investment Committee
Sharon Suan	Chief Member Officer
Dan Farmer	Chief Investment Officer
Jason Sommer	Chief Operating Officer
David Chalmers	Chief Financial Officer
Anvij Saxena	Chief Risk Officer
Dave Woodall	CEO – Superannuation
Elizabeth McCarthy	CEO – MLC Expand
Andrew Howard	Executive Director Strategy & Innovation
Renee Howie	Chief Customer Officer
Lawrence Hastings	Chief Legal Officer
Melissa Walls	Chief People Officer
Mick Da Silva	General Manager Planning & Performance
Adrian Gore	General Manager Internal Audit
Kate Finch	General Manager Tax
Joshua Cross	General Manager Tech & Operations – Master Trust
Kirk Newey	General Manager Fund Accounting and Operations
Adrianna Bisogni	Group Company Secretary
Christopher Tay	Company Secretary
Sharyn Cowley	Company Secretary
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
Hadas N Danziger	Actuary
Andrew Boal	RSE Actuary
John Newman	RSE Actuary

### APOLOGIES:

Scott Hartley	Chief Executive Officer
Garry Mulcahy	CEO – MLC Asset Management
Kavi S Attygalle	General Manager Financial Crime
Michael Courtney	General Manager Operational Risk
Jackie Hanly	General Manager Performance & Reward
Andrew Boal	Actuary
Roger Rowlinson	Committee Member, Insurance & Claims Committee

## **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**

Ms Press, Chair of OnePath Custodians Pty Limited, trustee of the Retirement Portfolio Service, opened the Annual Member Meeting (**AMM**), welcomed all attendees present and made the acknowledgment of country.

Ms Press outlined the agenda for the AMM before thanking the former Chair, Mr Lindsay Smartt, for his leadership and contribution to the Board. Ms Press advised that One Path is part of the Insignia Financial Group of companies, one of Australia's largest wealth managers and it looks after the retirement savings of over 380,000 members.

Ms Press spoke about the findings of the second edition of the MLC Financial Freedom Report released in February 2024. The report, which surveyed 2,507 Australians of all ages, genders and locations, found that financial independence is the most common goal of all respondents and that 70% of Australians believe their financial wellbeing - the ability to meet obligations, have savings and a good retirement plan without reliance on the Government - is crucial to their mental and physical wellbeing. Ms Press confirmed that the purpose and the goal of superannuation is to enhance members' financial wellbeing and give members the peace of mind that their retirement will be comfortable and well-funded.

Ms Press advised that although not without challenges, 2024 has been a strong year for investment returns and provided an overview of the ways in which OnePath has been working towards improving members' financial well-being over the past year:

- a proactive approach has been taken to remediate members whose default contributions in MySuper products had not been made and independent experts have reviewed systems to identify and rectify any remaining issues.
- making it easier for members to access the advice they need to feel confident about their super and financial future through initiatives such as access to Financial Coaching provided at no additional cost to members in *ANZ Smart Choice Super* and *OneAnswer Frontier Personal* super and pension products.
- the inclusion of retirement estimates included in eligible ANZ Smart Choice Super members make it easier for members to feel confident about their super and financial future.

Ms Press reminded members who are unsure of what to do regarding their super or who are nearing retirement to consider speaking to a financial adviser or contact the Contact Centre.

Ms Press advised that pre-submitted questions regarding publicity involving parent company Insignia Financial Ltd and enhancements to the Master Trust business through the agreement with SS&C Technologies will be addressed during the Q&A segment.

Ms Press welcomed Mr Dan Farmer, Chief Investment Officer to the meeting.

## **INVESTMENT AND MARKET UPDATE**

Mr Farmer provided an overview of the investment performance of the Fund over the last year and what is planned for the year ahead.

Mr Farmer spoke about economic growth and investment returns over the past year including that:

- economic growth was resilient over the year holding up well in the face of higher cost of living and interest rate pressures and that this provided a reasonable economic backdrop for shares and higher growth assets to perform well;
- inflationary pressures have been a big focus of markets over the last 3 to 4 years and while inflation has eased back from very high levels, in Australia it has remained at a higher level than central banks are comfortable with, and this has kept interest rates a higher level for longer;
- Australian households continue to feel its effect through higher living costs with the December 2024 CPI data showing prices have increased 2.4% for the year;
- it is expected that inflation will moderate over the next 6 to 12 months but even in the face of higher for longer inflation, the global economy has been fairly resilient, and markets have continued to deliver good returns;
- International shares delivered returns of around 27% over the year which boosted the diversified funds that invest in global shares; and
- investments in fixed interest delivered returns of around 5 to 6%.

Mr Farmer spoke about the following enhancements to the Fund:

- portfolio mix widen by inclusion of a range of asset classes to help grow returns without too much risk or overexposure to one asset type; and
- the experienced investment team working on the Fund.

Mr Farmer advised that:

- the Lifestages 1960s option returned 12.90% for the year ending December 2024 (net of investment management fees and tax and before administration fees); and
- SmartChoice 1960's option was the fifth best performing fund out of the 45 funds surveyed in the SuperRatings SR50 MySuper survey with the 12.90% return well above the median fund return in the survey of 11.12%.

Mr Farmer provided an update on the year ahead. He noted:

- the outlook for 2025 is mildly positive with a gentle expansion in the US economy and inflation to moderate a little;
- share prices have already risen sharply over the past year with the result that share markets generally look expensive and this tempers the outlook on share market returns for 2025;
- the outlook for bonds and fixed interest investments is dependent on the direction of inflation going forward;
- there is uncertainty around what the impact of President Trump's second term will be on the economy, particularly regarding his proposed trade policy and tariff increases;
- the economic policies of China may also influence returns; and
- reiterated that the investment team and its approach will continue to work on member's behalf to deliver the strongest results it can.

Mr Farmer handed back to Ms Press for the Q & A session.

## **MEMBER QUESTIONS AND ANSWERS**

Ms Press opened the Member Question and Answer session by introducing the panel which included Dan Farmer who was joined by Dave Woodall, CEO – Superannuation and one of the directors, Beth McConnell to help answer the questions.

**Danielle Press:** The Reserve Bank Governor, Michele Bullock, has just announced a 25-basis point cut in cash rates. What does that mean for our members?

**Dan Farmer:** I think it is good news. With the cut, the rate is at 4.1%, that does take a bit of that pressure off our members with mortgages who are feeling that cost-of-living pinch. In terms of markets, the markets were expecting a cut. So, no big shock for the markets.

I think the interesting question going forward is, What is next? We have had one cut to 4.1%, the first cut we have had since November 2020. Our minds will quickly turn to: *Are we going to get more cuts?* It is an interesting environment. We know labour markets are still pretty strong here in Australia. Inflation is low, but maybe temporarily low with electricity price rebates. When we look across to the United States, we know the Federal Reserve there is potentially pausing on its cash rate cut. The RBA, I think, will be watching the data really closely. We will have to wait and see what happens in terms of further cuts.

**1. Why should members keep their superannuation with ANZ Smart Choice Super? And under what circumstances can members withdraw their super?**

**Dave Woodall:** The trustee of Retirement Portfolio Service, OnePath Custodians Pty Limited, which includes ANZ Smart Choice and the OnePath branded products, manages the retirement savings of over 380,000 members. We are using a scale that size to deliver competitive fees and tailored benefits for our customers.

For example, life stage options in ANZ Smart Choice Super delivered strong returns of over 12% for members born between the 1950s and the 2000s for the 12 months up until the end of December 2024. We are really proud to offer access to general advice at no additional cost through our Australian-based team of financial coaches who are poised, ready to help. Recently, ANZ Smart Choice products received a AAA rating from Rainmaker, an independent ratings agency, and a 5-star rating from The Heron Partnership for ANZ Smart Choice Super - Employer and MySuper. All that information and more can be found on the ANZ Smart Choice Super website.

Remember, ratings are only one factor to consider when deciding whether to invest in a financial product. With these achievements and with the improvements that we are making to your super we hope you feel more confident about investing with us when it does come to accessing your super. It does depend on your personal circumstances and in particular, the preservation status of your funds. It is important to understand your options and your eligibility before you make any decisions.

**2. What are we doing to actively lower fees or the cost of providing services? What are our plans for introducing capped fees?**

**Dave Woodall:** In 2023, we transitioned about 40,000 members from some of the OnePath older products to more modern products, including OneAnswer Frontier and ANZ Smart Choice Super. This upgrade not only provided members with access to more contemporary, feature-rich products, but also helped reduce their fees. For example, administration fees for ANZ Smart Choice Super are capped at \$1,560 per year, which provides much better value for members.

**3. With some ETFs around the globe at less than 0.1% Management Expense Ratio, or MER, why are the ongoing costs so high in Australia?**

**Dan Farmer:** In Australia, you can invest in ETFs with fees as low as 0.1% or 10 basis points per year. These are typically low-cost ETFs and usually passive, which just means they aim to exactly track the performance of a market benchmark or index, like

the Standard & Poor's in the US or the ASX200 here. Usually, they tend to focus on one asset class like Australian or global shares and are typically pretty cheap for the ETF provider to run.

If we look at superannuation investment options like MySuper, these work a bit differently. Often, they combine both passive and active investment management and diversify across multiple asset classes. Active management is all about finding investments that can deliver returns over and above the market average, while diversification is there to help smooth out the ups and downs we see in markets. MySuper options often also give access to unique assets like private equity or unlisted property and infrastructure, which usually are not available with standard ETFs.

While on the face of it, MySuper options might have slightly higher fees, when you look through to the added benefits such as expert management, a broader range of investments and the potential for higher returns, the benefit to members can outweigh the costs.

**4. Why are our expenses, or expenditure, high? Presumably this question is referring to our related party payments disclosure on our member notice for the meeting.**

**Beth McConnell:** Related party payments occur when payments are made from the super fund to a related entity of the trustee of the fund, and the related party is providing services to us. These services are important to support the delivery of benefits to our fund members, and the payments can relate to things like investment management costs, marketing services, board fees, insurance services, financial planning and other member services.

OnePath Custodians Pty Limited is our trustee, the company Danielle and I sit on the board, and is responsible for approximately 380,000 members. Related party payments equated to a cost of around \$534 per member for the income year ending 30 June 2024.

**5. Are there shorting options within the portfolio of investments? If so, what are they? And if not, why not?**

**Dan Farmer:** Short selling is really just a strategy to try to profit from a dip in share price. Basically, what they do is borrow shares, sell them, and then aim to buy them back at a lower price later on, keeping the difference which is the profit.

When it comes to your investment options, you can pick your own mix from the ANZ SmartChoice Super Menu. One of the options available is from Platinum Asset Management, which uses short selling in two of their global equity funds. The ANZ SmartChoice Super Lifestage products do not use short selling directly. Instead, other strategies such as using put options over an index to help manage the market ups and downs and protect against losses during downturns are used.

**6. What initiatives are being implemented to ensure that the fund adheres to the United Nations principles for sustainable investing, and how OnePath compares to other Australian investment funds in this regard?**

**Beth McConnell:** Our investment managers' approach is closely aligned with the Principles for Responsible Investment (PRI), a global initiative supported by the United Nations, that encourages investors to factor in ESG considerations - environmental, social, and governance considerations - when making decisions.

We are not officially signatories yet; however we have been applying these principles for several years, and we expect our investment manager to sign on in the near future. We see responsible investment as essential for identifying potential risks in an investment. By factoring these ESG considerations in, we are able to make more

informed decisions that aim to deliver strong long-term returns for our members. You can find out more details about our approach on our website.

**7. There was talk of moving the superannuation away from ANZ to a separate entity. Is that still happening?**

**Danielle Press:** ANZ started selling its wealth business to Insignia Financial back in 2017, and that process was wrapped up in 2020. This includes the products like ANZ Smart Choice Super and OneAnswer Frontier, amongst others. So essentially, it is done.

**8. With the anticipated property price growth in the next year in WA outpacing other states, does ANZ super consider this in investment decisions? If so, how? If not, why not?" I will declare I am a fellow West Australian.**

**Dave Woodall:** ANZ Smart Choice Super, is invested across a really diversified range of different asset classes, including property, both here in Australia and around the world. When it comes to investing in property, we appoint high-quality, specialized managers to search out really attractive investment opportunities and to build well-diversified property portfolios. Our managers that are focused on the Australian property market can invest across the whole nation, including Western Australia, so yes, we can invest in WA property.

**9. How is my superannuation performing at any given time? How transparent is ANZ in showing how much money super yields each year?**

**Dan Farmer:** As I mentioned earlier in my speech, the 2024 ANZ Smart Choice performance was strong, and we are really committed to keeping members as well-informed as we can. We publish quarterly returns for the LifeStage investment options on our website and send out performance emails to our ANZ Smart Choice Super members who have given us permission to do that.

On top of that, you can also view your super details and returns anytime online through our website. Once you are logged in to the website, just head to the investment tab and you can see your 12-month returns and other investment details.

**10. A current investor in our default super asks, If he wanted to invest in selected investments, what does he need to do?**

**Dave Woodall:** You can compare or change your investments at any time with your ANZ Smart Choice Super online access through the website. We offer a broad range of investment options, which you can choose from to invest your money.

These include some readymade options like our default Lifestages option, as well as some 'build-your-own portfolios' for members who want to take a more active role in their investment decisions. We suggest using the ANZ 'Smart Choice Super – smart investments tool' - on our website to explore those investment options, and that will help you make an informed decision. If you would like more information or you want to change your investments, talk to your financial adviser, visit our website, or, of course, give us a call.

**11. Can super be used to buy a house or invest in land? Or can you invest super in property? What are the rules around this?**

**Beth McConnell:** If you are a first home buyer, you may be able to take advantage of the Government's First Home Super Saver Scheme. It is important to note that the scheme has specific rules around which contributions you can access, and the scheme is not available if you are considering buying an investment property. Please call us, visit our website, or speak with your financial adviser to find out whether this initiative can work for you.

12. **What is the age for retirement? How much super is needed for a comfortable retirement? What is the latest estimate based on life expectancy? Will I have enough super to cover the cost-of-living increases? Are we on track for retirement?**

**Dave Woodall:** These are really important questions, and I am sure they are on the minds of many of our members as they look to plan for their retirement.

You can generally access your super between the ages of 55 and 60, regardless of gender, but depending on when you were born. Whilst many people retire around that age, the right age to retire really depends on your own personal situation. To provide some guidance, however, the ASFA Retirement Standard for fortnightly expenditure for a single person aged 65 to 84, living a comfortable lifestyle, is \$1,996 for a single and \$2,798 for a couple. These are estimated budgets and assume that you own your home outright and that you are relatively healthy in terms of aged costs.

In contrast, for the age pension payment, which is subject to income and asset tests, the maximum basic rate per fortnight for a single is \$1,047 and for a couple, \$1,578, excluding any pension or energy supplements. What these numbers demonstrate is the Government age pension by itself may not be enough in terms of your retirement expectations. It is important for you to plan for retirement so that you do have enough to meet your particular needs. A good retirement plan can help you make the most of your super pension, to the extent you might qualify for other investments altogether aligning to make sure that you can achieve your lifestyle goals. Remember to check out the great retirement planning resources we have on the *ANZ Smart Choice Super* website to help you navigate that complex question.

13. **How do we make sure our members' personal information and assets are safe from identity theft and other forms of cyber threats, but primarily from a cybercrime perspective?**

**Beth McConnell:** This issue is very much front of mind for us, as it clearly is for all of you as well. Let me start by saying that we are committed to protecting our members' personal information and money against the rising threat of cybercrime, and we do have a range of measures in place that are guided by industry best practice and also meet our regulatory and legislative requirements.

These measures include multi-factor authentication, encryption of data, and firewalls. We also have intrusion detection systems and cyber threat intelligence monitoring. We monitor for malicious activity through a 24/7 security operations centre and continue to evolve and test our security capabilities, including those administered by third parties. We are always considering the threat of emerging issues such as the use of AI by criminals. It is critical that our members keep their cyber presence safe as well.

14. **What are your thoughts on the Central Bank Digital Currency and the potential impact on deposits, debts, and ownership?**

**Dan Farmer:** This is a topic that comes up in numerous meetings. Central Bank Digital Currency, or CBDC, is essentially a computerised form of money issued by a central bank. The Reserve Bank of Australia has considered the possibility of starting CBDCs, but so far, it has not really found a strong case to support CBDC for retail use.

15. **Several questions relating to the OnePath class action and its impact, including for overseas members, and how we are making sure members' interests are being prioritised?**

**Beth McConnell:** By way of background, the ANZ and OnePath super class action was filed in 2020 on behalf of certain members of the former OnePath Master Fund and Retirement Portfolio Service. This class action relates to historical issues, firstly around interest rates paid on members' investments and certain cash investment

options in the period prior to January 2020, and also the payment of grandfathered commissions to financial advisers in the period prior to April 2019.

Last year, in October 2024, the parties to that class action agreed to settle the dispute without any admission of liability, subject to court approval. There may be instances where there are individuals who are group members of the class action but are former members of the funds and are based overseas.

**16. Has development of an app been considered so that members can access a view of their account?**

**Beth McConnell:** ANZ Smart Choice Super members with an ANZ bank account, can check their super at any time using the ANZ banking app.

**17. Why can't two OnePath accounts, one a personal account and the other the member's late wife's account, where he was the beneficiary, be consolidated?**

**Dave Woodall:** Sympathy on the passing of your wife. Superannuation and tax laws set out the rules relating to the payment of super death benefits. This includes the requirement that if you become entitled to such a death benefit when someone passes away, the amount needs to be paid out of super to you as a lump sum, or if you are eligible, used to start a pension.

Some of the rules relating to death benefits were changed in 2017. To comply with those new requirements, super funds must keep their benefit accounts separate from any other super savings that, in this case, you, the beneficiary, have in your own name. So unfortunately, it is a compliance requirement for all funds.

**18. What is the relationship is between ANZ Super and Insignia Financial?**

**Beth McConnell:** ANZ Smart Choice Super is the product that is part of Retirement Portfolio Service or RPS, which is the name of the super fund, and that's managed by the trustee OnePath Custodians Pty Limited.

The trustee company, OnePath Custodians, is part of the Insignia Financial group of companies, and Insignia Financial Ltd is the parent company of that group. While ANZ helps distribute the ANZ Smart Choice Super and pension products, it does not own them and does not manage them.

The ANZ brand is obviously a trademark of ANZ and is used by OnePath Custodians under a licence. What this means in practice is that ANZ does not guarantee or take responsibility for the products. All a little bit confusing, but hopefully that clears things up a little.

**19. Why are we removing the insurance policies of super members?**

**Dave Woodall:** In some instances, for example, where members have very low balances or may not have contributed to that account for some time, we have a legislative obligation to review and cancel their insurance. That is to protect their account, and what may be a modest amount, from being eroded by insurance premiums. When this happens, we inform members first. We do give them the option of retaining the policy if that is what they would like to do.

**20. When will we begin to offer cryptocurrency investment options?**

**Dan Farmer:** We are keeping a close eye and an open mind about Bitcoin and other cryptocurrencies but at the moment, we really view Bitcoin as a not now rather than a not ever style situation.

This decision really aligns with our investment philosophy and process, which carefully considers the risks and benefits of assets we want to include in the portfolio.



Some big financial players are getting involved with Bitcoin for a whole range of different reasons, but we do not think simply following the pack is always the right move, and we believe it is important to come up with our own conclusions based on research and analysis.

If you look at some of the Bitcoin advocates who often point to the strong past performance that Bitcoin had enjoyed over the last couple of years, we know however that past performance is absolutely no guarantee of future performance. We do not see owning Bitcoin solely on the basis of previous returns as a good argument.

One of the arguments against Bitcoin is the extreme performance swings. Just over the past decade, Bitcoin has suffered peak-to-trough falls of more than 50% on multiple occasions. Plus, in the past three years alone, it has been about 4 times more volatile than the US stock market itself.

On top of this high volatility, we are still not convinced that Bitcoin is a really good diversifier, and consistently demonstrates low correlations to other investments we have in the portfolio. Bitcoin actually appears to move with market sentiment, particularly in periods of market exuberance.

At the end of the day, Bitcoin is speculative. Its value comes purely from what the next person is willing to pay for it. Unlike shares or many other investments, it does not produce cash flow, dividends, or anything we can use to evaluate it in any sort of traditional way.

On top of that, Bitcoin is not yet widely accepted as a medium of exchange like the US dollar. At the moment, it is just based on hope that someone in the future is willing to pay a higher price. For investment professionals like us, being able to value assets by metrics such as future cash flows and dividend yields is really critical.

**21. The final question relates to the recent media coverage of our parent company, Insignia Financial Ltd, and a request for more details on the SS&C arrangement and an update on the recent takeover proposals.**

**Danielle Press:** In December 2024 Insignia Financial Ltd took an exciting step by engaging SS&C Technologies to simplify and transform our Master Trust business. This engagement will help us deliver a better and more efficient service for you. Once the agreement is finalised, Insignia Financial plans to subcontract a range of administration and technology functions to SS&C.

This will involve moving over 1,000 Insignia Financial team members and some of our technology to SS&C. This transfer will help support the continuity of services, operations and product knowledge for our members. Importantly, Insignia Financial will continue to oversee claims and compliance, making sure that we are maintaining the highest level of care and services that our members expect. This is expected to happen around the middle of the year, and we are really excited about the engagement with SS&C because it will help us enhance our operations and further prioritise our member engagement.

As for the private equity interest we have been receiving, you may have seen in the media that Insignia Financial Ltd has received non-binding proposals from Bain Capital CC Capital and also Brookfield Capital Partners. As the three proposals have similar terms, the Insignia Financial Board has decided to provide them with the same limited due diligence access. We will continue to update the market as required, but we will not be commenting further on this process now that it is underway.

## **MEETING CLOSE**

Ms Press 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 Fund's website within one month of the meeting.

Ms Press thanked everyone for attending and submitting questions. She also thanked members for trusting the Trustee with their super.

The meeting closed at 4.48 pm.



**Danielle Press**

Chair

OnePath Custodians Pty Limited

11 March 2025