# Annual Member Meeting

Wednesday, 3 March 2021, 4.30pm

Issued by Togethr Trustees Pty Ltd (ABN 64 006 964 049, AFSL 246383) as trustee of the MyLifeMyMoney Superannuation Fund (ABN 50 237 896 957)

# Agenda

1. Welcome
2. Introduction and Board update
3. CEO update
4. Investment update
5. Questions from members

# Speakers

- Andrew Fairley AM – Chair of the Board
- Danny Casey – Deputy Chair of the Board
- Scott Cameron - Chief Executive Officer
- Anna Shelley - Chief Investment Officer
- Justine Hickey – Chair of Investment Committee

# Minutes

The minutes comprise a summary of key aspects of presentations, questions and answers.

## 1. Welcome – Andrew Fairley AM

- Welcomed members and outlined the agenda.
- Introduced members of the Board who dialed in today.
- Confirmed there was a quorum of Directors, as well as our Auditor and officially opened the Meeting.
- Acknowledged the Traditional Owners all around Australia and paid respects to Elders past and present.
- Explained that the information in the presentation is general in nature and does not take into account personal circumstances such as individual investment or financial objectives.
- Outlined the agenda for today:
    1. Welcome
    2. Introduction and Board update
    3. CEO update
    4. Investment update
    5. Questions from members
- Said to members they could ask questions during the meeting by using the Question & Answer function within Zoom but we would only answer general questions about Equip – personal questions should be directed to the helpdesk.
- Introduced Danny Casey, Deputy Chair since 2019 and Chair of Catholic Super before then.

## 2. Introduction and Board update - Danny Casey

This past year has been incredibly difficult for so many people

But while the year has been very difficult, we should also remind ourselves about where we've come from and what we've achieved this year and throughout our history.

If you've been a member with us for a long time you may be a little confused by the mention of different superannuation funds, so I want to explain to you a bit about our history and how we have got to where we are today.

- **1971**: Catholic Super started initially to benefit staff in Catholic schools,
- **2005**: We opened up membership to all Australians and launched the MyLifeMyMoney Superannuation Fund
- **2015:** Catholic Super, MyLife MySuper and MyLife MyPension became divisions of the broader MyLifeMyMoney Superannuation Fund
- **2016**: – Transport Super merged with MyLifeMyMoney Superannuation Fund
- **2019**: – MyLifeMyMoney Superannuation Fund entered into a joint venture with Equipsuper, a fund with similar background, aims, vision and financial performance.
- **Today**: Here in 2021 I am pleased to say we have been 'Supporting our members for 50 years', a milestone we are all proud of.

- While a lot has changed over the years our vision and purpose and commitment to our members has remained constant. Our purpose is to give our members confidence and control over their future. To give them the best possible retirement income we can. This is the foundation of everything that we do.
- In the financial year 2019/20 we entered a joint venture with Equip Super (and associated brands) which is our biggest ever. It significantly increased our overall size and in turn has improved our ability to deliver our promise to our Members. The way we have put together the joint venture has enabled us to deliver benefits to our members sooner rather than later.
- We have a licence by APRA which is called an extended public offer licence. We are one of the first funds in Australia to have this licence, and one of the largest. It's the reason we were able to put together this joint venture and it enables Togethr Trustees to act on behalf of all funds under the one banner, with one Chief Executive Officer, one Chief Investment Officer, and One Board.
- This increase in size has enabled us to put together a very skilled leadership team that's one of the finest we've ever had. When you grow then it's easier to attract more highly skilled people, it's as simple as that.
- This is just the start of our growth. We are already identifying which other funds might join us to help us grow and increase the benefits we're already seeing.
- This was all delivered at the same time as ensuring our members were supported during their time of need, a pandemic the likes of which none of us have ever seen before.
- While we continue to explore options for growth one thing will never change and that is our absolute commitment to continuing to act on our members best financial interests.
- The Joint Venture was a logical step for two Top 10 profit to member funds with very similar values and ideas and commitment to members. It saw two of the highest-performing funds over the past 10 years coming together to improve the way they can serve their members.

- We have derived significant trustee office savings since the joint venture was established in late 2019 such as board and management costs and supplier savings. We will benefit from additional savings when all investments are under a single pool after a successor fund transfer (SFT).
- A key initial benefit is the investment manager fee savings. These come about from the consolidation of managers and then through negotiating lower fees. We have realised in excess of $3M per annum of savings to date, with more to follow after the legal SFT planned for 1 July 2021. As we are a not-for-profit fund, all fee savings will sit within the fund and ultimately benefit members.
- Another big benefit of the joint venture is the diversification it offers. Joining our membership bases mean we embrace different industry sectors. Power, mining and infrastructure for Equip and education and aged care sectors for Catholic Super. Diversification of

membership base is an important part of resilience as we have seen this year with the pandemic which has hit some industry sectors a lot harder than others.

- We strongly believe that smaller funds do not have the scale to be able to provide great value and returns to members, that's why we are pursuing this growth strategy.
- We want to maintain the identity and connectedness to the community that we have had since we first started in 1971. We know that our members have contributed so much to the community over the years, particularly during these very difficult times during the COVID-19 pandemic. We want to make sure we don't lose the individual identity, values and heritage that we have, but we want to deliver the benefits of scale from being part of something bigger.
- To help make sure we stay connected we are establishing a Catholic Super Advisory Board, a channel for ongoing communication and advice to make sure that as we grow, we never forget where we have come from.
- One important benefit of the joint venture is that, as a much larger, more influential, organisation we have the ability to attract highly skilled people to our organisation and also retain and promote talented people within our organisation.
- We have a robust process of reviewing our Board every year where we put together a skills matrix and look at what skills the Board needs for the future and then appoint new Directors based on that.
- In our skills-based selection of trustee directors we have committed to have one-third from members, one third from employers and one third independent.
- As an example of this I would like to highlight Debra James, who is General Secretary of the Independent Education Union Victoria Tasmania. With the many teachers and education workers we have as members, Debra's long experience in education is invaluable in helping us make sure we are meeting their needs.
- After the joint venture, in October 2019 we grew to a Board of 12, which has been a great transitional number, but we will now be moving back to a board of 9 and I think that's the optimal number for us to have for the future, so we are likely to stay at that number unless there is another significant joint venture or acquisition.
- For any members that have dialled in and are wanting to join the Board, we are likely to be seeking candidates for a Member Director position to start from 1 July 2021 and we will communicate this to members in due course. I certainly encourage you to nominate.
- We were also delighted to secure the services of Scott Cameron as the new CEO of the joint venture. Through very difficult circumstances, joining two organisations together and also coping with COVID and a turbulent investment environment, Scott is doing an excellent job.
- We have seen a lot of positive change in the superannuation industry over the past year aimed at putting the interests of members first, including:
    - Inactive low balance accounts are being transferred to the ATO and consolidated.
    - Members will need to opt in for insurance in certain circumstances such as when they have a low balance, their account is inactive, and when they are under 25.

- Members have been allowed to withdraw money from their super if they're suffering financial hardship due to COVID.

- Consolidation has been talked about for a long time in the superannuation industry, but now, more than ever, it's likely that there will be significant consolidation of the sector in the future. If you are not a 5–10-billion-dollar fund, or larger, it is going to be increasingly difficult for you to survive on your own.
- We are well positioned for this change.
- Altogether, between all the super funds we manage, we have $28 billion of funds under management and 137,000 members.
- As a profit-to-member fund we are well placed for any further industry changes which are aimed at further benefitting members.
- Putting members' interests first will continue to be our core principle as we grow and scale.
- We passionately believe this delivers better outcomes for our members by attracting and retaining better staff and also achieving efficiencies of scale.
- We have a clear goal to grow to $50 billion of funds under management, for all funds we manage, by 2025 with 300,000 members and we are on track to achieve that.
- For you as a member this means access to better services and experiences.
- We already have options in mind for further growth by joining with other like-minded superannuation funds.
- Our EPO licence puts us in a great position to be able to achieve this as funds can join us and keep their own identity and strong relationships with members and community while achieving the same efficiencies of scale as we are.
- I would now like to introduce Scott Cameron, our Chief Executive Officer.

## 3. CEO update – Scott Cameron

- As Danny mentioned it has been a very difficult year for a lot of people.
- I would like to thank our people and members for helping us throughout the year despite this.
- Our team moved to 100% remote working very quickly, coped admirably with Melbourne's very long lockdown and made sure our focus remained on giving you the best possible retirement income.
- In particular I would like to thank all of you that are essential workers and have done so much, at great risk to yourselves and your families, to help us get this far. I know we have many members including our teachers, educators, nurses, aged care workers, transport and logistics workers who educate, care for and supply vital services for millions of Australians every day. So many essential workers, put at risk, during the pandemic. We couldn't get through this without you.
- Danny mentioned earlier that the joint venture allowed us to put together a very strong board and senior executive team, this is also true throughout our organisation.
- The joint venture, and our increased size, has allowed us to put together a fantastic team with great leaders and specialists at all levels of the organisation.

- Our combined team has deliberately been structured to give us all the skills we need to meet our growth agenda as well as deliver our day-to-day services and stay on top of the changing compliance landscape. We've brought complementary skills from both funds.
- Our investment team, headed up by Anna Shelley, all have significant experience, an average of 20 years per team member across the team.
- We are great believers in the importance of diversity, so we're also very happy that more than 50% of our senior leaders and executives are women.
- We realised quickly that the COVID-19 pandemic was likely to offer serious challenges to many of you, so we moved quickly to make sure we were ready to help
- We know that the reason we are here is to help you all gain financial freedom in retirement, so we made sure we didn't lose our focus on getting a positive investment return for members. Our Balanced option, where most members are invested, returned 0.5% for the last financial year. This was a great result amid a very difficult year where many funds lost money and it put us in the top 25% of funds in the balanced category.
- We quickly transitioned our team to working remotely and put together a specific help hub and COVID-19 communication campaign to make sure you knew what was going on and how we could help you.
- We are delighted with the Net Promoter Score our Service Centre received. This is a measure which shows how many more people really liked their interactions with us, than the number of people who had an indifferent or poor experience. It's fantastic that so many of our members are getting good service when they get in touch with us.
- We were also very pleased we were able to help so many people to gain access to their money if they were suffering financial hardship or to change their investment options if the pandemic had disrupted their retirement plans.
- Danny talked about our history before, about our commitment to giving members confidence and control over their future. That's what all of us work towards every day. As a profit to member fund any increase we have in profit, any money we save, ultimately gets used to try to give you a better retirement. So, the money we're saving as part of the joint venture with Equip, this is all getting used to improve our services to you. Here are some of the main things we're working on right now:
  - **Digital:** We're always trying to improve our digital services as we know a lot of members like the flexibility of doing things themselves, whenever they want. We offer a digital service which helps members understand their products and manage their own transactions. We also have calculators that let you set out a number of different scenarios for your super to give you a better understanding of what's best for you.
  - **Communication**: We've expanded and improved our communication including mid-year newsletters with balances, annual statements and personalised content. This is all intended to support members in maximising their retirement outcomes based on their personal circumstances.
  - **Financial planning**: We know how useful our financial planning team has been for many members, so we've expanded our team so more of you can get individual financial advice more quickly.
  - **Enhanced contact centre:** Our members have told us that while the digital is great, sometimes they want to speak to a real person, so we've enhanced the capacity of our contact centre, so it's easier to talk to someone when you need to. This has been particularly useful during the COVID pandemic as call volumes have increased substantially.

  - **Insurance**: We have refined and enhanced the insurance we offer members, including adoption of the Insurance Code and increased insurance claims expertise and support.
- For most of the last financial year the stock market performed very well, then when COVID-19 arose it took the worst market downturn since the global financial crisis.
- We bucked the industry trend by delivering members in our diversified options positive returns for the 2019–2020 financial year (all except the 'aggressive' option which was neutral). This was an excellent result when many funds had negative results.
- Of course, superannuation is a long–term investment, so while annual returns are important, the longer-term returns are more important so that's what we really focus on.
- As an example of our long term returns here is our default investment option, My Life My Super for members under the age of 51. This is our Aggressive option, that has 94% in growth assets. In the 10 years, to 30 June 2020, after fees and taxes, someone with an original balance of $150,000 would have $23,430 more in their pocket than in the average retail fund, and $19,860 more than in the average industry super fund.
- Our objective for the Aggressive investment option is to return 4.0% p.a. above inflation over a rolling 10-year period. We actually achieved an average of 9.2% per annum over a 10-year period. With the average inflation rate over the past 10 years at just over 2% you can see that we have performed very well, exceeding this objective by more than 3%.
- I'd like to acknowledge the excellent work of Anna Shelley, our Chief Investment Officer who you'll hear from shortly, and her team who have really done an amazing job in delivering these returns over the past year in very difficult circumstances.
- We're a multi-award winning fund. The awards won by different funds that are part of the MyLifeMyMoney Superannuation Fund include a 5 Star Outstanding Value award from Canstar and 7 and 10 year Platinum Performance awards from SuperRatings.

- We're very pleased and proud that these independent agencies have recognised the great value and superior performance that our funds provide our members.
- I would now like to introduce Chief Investment Officer, Anna Shelley, who will give further detail on our investment strategy, performance and the current economic environment.

## 4. Investment update - Anna Shelley

- Thanks Scott and a warm welcome to all our members. Before I talk about our investment performance and current economic conditions, I'll explain a bit about our approach to investment.
- We focus on active investment management, being prepared to be different where we see risks or opportunities to earn great returns from your money.
- Then, we select specialist, external managers who are experts in their field, the way you would select a specialist surgeon if you needed one.

- We diversify your investments across different countries and different types of investments, like shares, property, infrastructure and bonds, in order to balance the risks.
- We look for global opportunities which may be unavailable to individual investors to increase returns and further diversify our investments.
- The aim is always to buy low and sell high. This can be hard to do when managing your own money, but we have decades of experience and we follow that discipline rigidly.
- An example of the type of investment which we are able to give our members access to, which it would be very difficult to get access to if you were managing your own super, is Quinbrook Low Carbon Power fund which is a specialist investment manager focused on low carbon and renewable energy infrastructure. It operates in the US, UK and Australia and allows us to invest in wind, solar, battery storage, grid infrastructure, reserve peaking power. It was awarded ESG Investment Fund of the year by ESG Investing and has returned an average of **9%pa** since we invested in it in 2017.
- Now a bit about Responsible Investment.
- We believe in responsible investment. We believe that environmental, social and governance factors (or ESG) influence overall investment returns. So if we keep these factors in mind when we invest our members' money it will increase the overall risk-adjusted returns for our portfolio.
- We know many of our members have been concerned with responsible investment for many years and we have responded. In 2006, Catholic Super became one of the first super funds to sign the United Nations Principles for Responsible Investment.
- We also introduced a specific responsible investment option in 2017 for members that want their investments aligned to their ethical values. Returns for PositiveIMPACT have been very encouraging so far, better than conventional investments, though this cannot be expected every year. It's a reasonably high-risk option with more than 50% of funds invested in listed international shares and growth investments in infrastructure and property.
- As well as our specific responsible investment option we also take ESG factors into account for **all of our investments.**
- We actively promote strong ESG policies in our investee companies and the broader investment community. We are also active in exercising our voting rights in support of good governance and a sustainable economy.
- In December 2020, to further reinforce our commitment, the board approved the adoption of a target for Net Zero Emissions by 2050, you may have seen this in the latest member newsletter.
- Now onto returns. Our Balanced option has returned an average of **8.0%p.a.** for the past 10 years to 30 June 2020, after investment fees and tax. It has **70%** invested in growth style assets and it is our default option for members 53 years and older.
- Our overall approach for investment is to diversify across thousands of investments in shares, property, infrastructure, bonds and cash. We 'balance' the need for long term growth with the need for shorter term safety when markets are rough. This 'balance' and diversification is just what's needed when markets are volatile and crashing.
- The objective for the Balanced investment option is to return **3% p.a**. above inflation over a rolling 10-year period. With the average inflation rate over the past 10 years at **2.1% p.a.** you can see how we have substantially exceeded this objective.

- It's important to note here that these figures are after **investment** fees and taxes. I know many of our members are interested in fees and absolutely fees are something we minimise as much as possible. But the most important figure is total return as it shows exactly how much your savings have gone up or down.
- Over the past 10 years the median return for a comparative median industry fund is **7.1% p.a.** (versus our Balanced at 8% p.a.) - so you can see we have also substantially exceeded comparative fund performance as well.
- We have a range of diversified investment options, from growth oriented to more conservative options, and our Positive Impact option at the bottom of the table.
- Our investment objectives vary from product to product as we have different products to suit people with different objectives, different risk appetites and at different life stages.
- You can see very strong returns over the last 10 years for all investment options.
- You can find out more about our investment returns on our website.
- Our default investment option has members invested in higher growth (but riskier) investment choices when they are younger (this is the Aggressive Option, which has earnt 9.2% p.a. over 10 years). We then slowly move them to the Balanced investment option as they get older (which has still earned really strong returns of 8% p.a. over 10 years).
- Our default investment strategy takes into account that people who are further from retirement are generally better able to weather the ups and downs of a riskier, higher growth-oriented strategy in order to achieve higher returns over a longer time frame, ideally over 10 years.
- As people get closer to retirement, they generally want less risk. They want to make sure that their capital doesn't drop dramatically just before they are about to retire and so leave them with a smaller total pool of funds when they are no longer earning a wage.
- Of course, you can tailor your investments with us depending on your particular financial needs, or retirement plans.
- We offer a team of financial planners who are available to assist with any specific queries in relation to your investment choices.
- Now let me talk a bit about current market conditions. Equity markets have risen substantially since the end of June, **up 14-20%** to the end of January, the market recovery has been one of the fastest on record.
- We invested a large amount of our cash into equities as the market was bottoming last March and that has helped returns.
- The good news is our balanced option is up over 8% from the end of June 2020 to the end of January 2021 and our aggressive option is up over 10% over the same period. This is a great start to the financial year and does make up for last year's slightly lower returns.
- Why have markets rebounded so strongly?
  - Strength of stimulus by global governments, especially US
  - Central banks have kept interest rates low
  - Markets are confident that rapid vaccine deployment will contain COVID and minimise ongoing impact
- In the last few weeks we have seen bond markets falling, strong selling has occurred as investors are less certain about ongoing low interest rates. This does reflect a market view of stronger economic growth going forward but also reflects a concern of inflation risk and

concern of high levels of government debt. Bond markets can be the canary in the coalmine so we are keeping a close eye on this, but we are well positioned. We have very low holdings of bonds that are sensitive to interest rate movements.

- Cash rates remain extremely low and remain a challenge for us to deliver our investment objectives to you, particularly for the more conservative investment options
- And other risks remain:
    - Efficacy and rollout of vaccines
    - Potential rise of inflation down the track
    - Pockets of irrational exuberance in equity markets, particularly US technology stocks and retail investor darlings like GameStop
    - If and when stimulus will be removed
- We continue to balance all these risks and diversification remains a key tenet of our investment strategy on your behalf. And now I will hand back to our Chairman, **Andrew Fairley** for Q&A.

## 5. Q & A – Andrew Fairley & Panel

We now turn to member questions. We will start first with the questions which were given to us before the webinar started.

- **Question 1, from Phillip**
  What efforts are being made to invest in renewable energy and away from ethically unsustainable industries such as coal and tobacco?

  **Answered by Justine Hickey, Chair of Investment Committee:**
  Thanks very much for this question and I'm sure you would be aware that Catholic Super has been a leader in sustainable investing and has invested in renewable energy for many years. Our decision in December to commit to achieving net zero emissions in our portfolio by 2050 is a reflection of our commitment.

  Your fund has over a half a billion dollars directly invested in renewable energy, both domestically and globally, which includes wind, solar and waste-to-energy. We invest in renewable assets as well as the grids and technology that make renewables more accessible. For example we invest with Copenhagen Infrastructure Partners and one of their seed investments is the **Star of the South** offshore wind project under development off the coast of Gippsland, South Victoria. The project has a unique location close to Melbourne's large energy market and key infrastructure including transmission assets.

  More broadly we have around $1.8b invested in sustainable investments and these include property and infrastructure that have very high sustainability ratings and also assets in the healthcare sector that make an important social contribution.

  In terms of Tobacco and Coal, our sister fund Equip is a signatory to the Tobacco –Free Pledge and we are in the midst of understanding our tobacco exposure and also expect to adopt the Tobacco-Free Pledge.

We do have some exposure in our equities portfolios to the metals and mining and oil and gas sectors and I thought it may be helpful to share how we are thinking about these investments.

In terms of coal there is thermal and coking. With thermal, used to generate electricity, we are very conscious of the risk of stranded assets. With coking coal we see that it has an ongoing role in the production of steel so we are focussing on how emissions can be minimised in these processes. Essentially how the companies involved are managing the transition.

More broadly we see there is a role for gas, iron-ore, copper, rare earths, so we not anti-mining. But we are very interested in how our investee companies are making that transition to be carbon neutral alongside us and you would be aware that some are already making significant investments in the renewable energy space.

We also partner with the Australian Council of Superannuation Investors (ACSI) to assist us with engaging with these companies and advocating for improved practices and disclosure.

Finally, I would draw your attention to our PositiveIMPACT Option which takes a very strong position on the environment and has some of the most outstanding ESG managers globally managing a portfolio of sustainable investments.

- **Question 2, from John**
  Why are investments only updated weekly and not daily in line with ASX?

  **Answered by CEO Scott Cameron:**
  We are currently investigating the level of work required to change from the current weekly unit pricing arrangement to a daily unit pricing offering. We know members are interested in this, so while we're not able to commit to a timeframe right now, as the work is large and complex, we will update members further as soon as we have something definite to report. We are seriously looking at this move.

- **Question 3, from Gwendolin**
  What are all the security measures in place to prevent others from accessing my account via any means?

  **Answered by CEO, Scott Cameron:**

  We have a great range of security measures in place and some of the main protections in place are:

  - We ensure your personal information is secured and accessed only when necessary and only by authorised personnel.
  - We verify members' identities before communicating with you, updating details or releasing any information.

- We apply enhanced security measures when we become aware of a heightened risk on a member's account (for example, if a member advises us they have been the subject of identity fraud).
- We constantly monitor and maintain IT Security systems to detect malicious traffic and threats and prevent them.
- While there isn't a common benchmark that rates security controls, we comply with the APRA Information Security standard CPS234, which also governs Information Security for all entities regulated by APRA.

It's important to note that there are things a member can do as well to keep their information secure, never share passwords or personal information and if they have any concerns about the security of their account they need to share it with us.

One final point is that part of the benefit of our increased scale is that we now have a bigger capacity to invest in enhanced security measures.

- **Question 4, from Mark**

  Do any of the investment portfolios include investments in gold and /or gold stocks

  **Answered by CIO, Anna Shelley:**

  Yes, our Australian and International equity portfolios hold gold-related share investments from time to time. However, most of the time these holdings are very small in relation to the total portfolios. We also hold some exposure to gold via derivatives in our hedge-fund related investments, again, however, these are usually very small.

  I also saw our question from Sylvia in the chat. We won't be able to answer fully today, but to emphasise we do really focus on the longer-term performance, short-term performance in the very volatile December quarter we don't really focus on. We have recovered quite a lot in January and February. Also our Aussie equity performance is improving and we are making further changes in that area.

- **Question 5, from Shane**

  How are we balancing divesting from fossil fuel investments vs maintaining returns?

  **Answered by Chair of Investment Committee, Justine Hickey:**

  Our primary objective is to maximise the retirement income of our members and we believe that incorporating environmental, social and governance considerations into our investment process enhances the risk adjusted returns for our members over the long term.

  In terms of the environment specifically, the integration of climate change risk and opportunities into investment decisions in required to shift the global economy onto a more sustainable path and protect our members' interests through the transition.

  So longer term we see there is no trade-off between achieving returns and investing sustainably.

Our preferred method of dealing with climate change risk has been through active ownership, engagement and collaborative advocacy. e.g. through ACSI and the Investor Group on Climate Change. We would like to be a driver of change, part of the solution.

For that reason divestment has not been a preferred approach. It is a bit of blunt instrument in achieving a reduced carbon footprint in the portfolio.

That said in circumstances where, after engagement, we cannot see any interest in reduction of emissions and there is significant stranded asset risk then divestment may be appropriate. We understand that some members want to invest a greater proportion of their savings in assets that align with their environmental beliefs. With this in mind, the PositiveIMPACT option was introduced in 2017. The fund evaluates investment strategies that will benefit from the transition to a low carbon, energy efficient and climate resilient future. It is invested across listed equities and unlisted investments including property, infrastructure and private equity.

Investors should be aware that PositiveIMPACT is a relatively high risk option, with a weighting of over 50% in international listed shares and growth investments in infrastructure and private equity. If you want to further discuss this or other investment options that match your personal views, please contact our service or financial planning team.

- **Question 6, from Stuart**

  1) why is the reference to three “funds”?

  2) why did legislation to halve the “minimium” activate in July 2019 ?

  **Answered by Deputy Chair, Danny Casey**
  The reference to three funds is because, as a trustee we look after the retirement outcomes for members of Catholic Super, Transport Super and MyLife MySuper members.

  The changes to the minimum pension drawdown were introduced in March 2020 by the Federal Government in response to the COVID-19 pandemic. The halving of the minimum drawdown rates was applied retrospectively as at 1/7/2019 effective for the 19/20 Financial Year and was carried on for the 19/20 Financial Year as well. The intention of this reduction was to ensure pension members did not have to “cash out” more money than they might need, at a time when the adverse returns arising from COVID-19’s effect on investment markets had depleted account balances.  This enabled members to capitalise on the rise in investment values later in the year when markets recovered.
- **Question 7, from Annie**
  Please address expected rates of return over the next few years to come.

**Answered by Chair of Investment Committee, Justine Hickey:**

That's an interesting question.

With very low interest rates and low inflation we have been in a supposedly low-return environment for some years.

What does low return look like? Well last calendar year our Balanced MySuper option returned 3.5%. Over the previous years it has averaged 5.6% but as we know past returns are no indicator of the future and as Anna mentioned there are a number of risk factors playing out in markets at the moment.

So probably the best rule of thumb looking forward is the CPI+ target return, of CPI (inflation) +3% over 10 Years.

And that 10 years is important. It reminds us that Super is a long-term asset and we are long term investors.

So, in managing your retirement savings we are aiming to maximise the return for your chosen risk profile over that longer period.

- **Question 8, from Vincent**
  In the investment update agenda will you be elucidating your ethical investment principles including climate change?

  **Answered by CIO, Anna Shelley:**
  Thanks for the question Vincent, you would have heard me talk about our responsible investment principles earlier and also Justine responding to a question earlier.

  I don't want to repeat things you've already heard but it's important to reiterate that our primary objective is to maximise the retirement income of our members. We believe that incorporating environmental, social and governance considerations into our investment process enhances the risk adjusted returns for our members over the long term.

  In 2006, Catholic Super was one of the first funds to sign the UN 'Principles for Responsible Investment'. This means that climate change considerations have been built into the fund's investment decisions for some time. Currently, we collaborate with peak bodies such as Investor Group on Climate Change (IGCC), Carbon Disclosure project (CDP), Responsible Investment Association Australasia (RIAA), Australian Council of Superannuation Investors (ACSI).

  Specifically on climate change, we support the transition to a low-carbon economy. We believe the issue of climate change requires urgent global attention and action.

We have included a climate change transition roadmap on our soon to be published 2020 Annual Responsible Report. Our roadmap includes a top level strategy including setting a target to be Net Zero by 2050 and detailing specific action items on each asset class.

We understand that some members want to invest a greater proportion of their savings in assets that align with their environmental beliefs. With this in mind, the PositiveIMPACT option was introduced in 2017. The fund evaluates investment strategies that will benefit from the transition to a low carbon, energy efficient and climate resilient future. It is invested across listed equities and unlisted investments including property, infrastructure and private equity.

Investors should be aware that PositiveIMPACT is a relatively high risk option, with a weighting of over 50% in international listed shares and growth investments in infrastructure and private equity. If you want to further discuss this or other investment options that match your personal views please contact our service or financial planning team.

## 6. Thank you for coming – Andrew Fairley

As it is now nearly 5.30pm, it is time for me to close the meeting. As I mentioned earlier, the minutes of this meeting plus written responses to the questions answered today as well as any questions that we didn't have time for, will be provided by the 31st of March on your superannuation fund website.

Ladies and Gentlemen, that concludes our inaugural Annual Members Meeting. On behalf of the board and management team, I again thank you for your time. It is a pleasure to serve such an engaged and loyal member base. I hope you enjoy your evening.

Meeting concluded at 5:32pm Australian Eastern Daylight Time.

**Board Chair Signature:**

Andrew Fairley

**Name: Andrew Fairley**

**Date: 03/03/2021**