



2023 Annual Member Meeting

Meeting minutes

Held online, Tuesday, 19 December 2023

Agenda

1. Welcome and introductions
2. CEO update and Fund overview
3. Investments and market update
4. Enhancing our member experience
5. Q&A and closing remarks

Speakers

- Michael Cameron (Chair of the Board)
- Scott Cameron (Chief Executive Officer)
- Andrew Howard (Chief Investment Officer)
- Alexis Harrison (Chief Member Officer)

Minutes

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

Catholic Super's Annual Member Meeting for the 2023 financial year was hosted by Michael Cameron, Chair of the Board, Scott Cameron, Chief Executive Officer, Andrew Howard, Chief Investment Officer, and Alexis Harrison, Chief Member Officer.

Disclaimer

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Meeting commenced at 4pm Australian Eastern Daylight Time.

1. Welcome and introductions – Michael Cameron

Welcome and Introductions:

- Michael Cameron welcomed everyone to the Catholic Super Annual Member Meeting for the 2022-23 financial year.
- Introduced himself as the Chair appointed on November 1, expressing pleasure to be present.

Acknowledgement of Country:

- Acknowledgement to the Traditional Owners of the land of the Wurundjeri People of the Kulin Nation, paid respects to their Elders, past, present and emerging, and the First Nations Elders of other communities who may have joined the meeting.

Presenter Panel:

- Introduced the Chief Executive Officer, Scott Cameron.
- Introduced the Chief Investment Officer, Andrew Howard.
- Introduced the Chief Member Officer, Alexis Harrison.
- Mentioned the presence of other Board members and Executives.
- Expressed gratitude to all participants for joining.

Meeting Open:

- Declared the Annual Member Meeting open as a quorum of Directors and the Auditor were present.

General Disclaimer:

- Emphasised that the information presented is general and doesn't consider personal circumstances.
- Encouraged seeking individual financial advice if required and provided a contact number for assistance.

Outline of Meeting:

1. Michael Cameron - Opening remarks on behalf of the Board.
2. Scott Cameron - Presentation on behalf of the Executive team.
3. Andrew Howard - Overview of investments for the year and insights into the current outlook.
4. Alexis Harrison - Proactive support for members and three significant upgrades since last year.
5. Question and Answer Session - Invited questions, explained the process, and encouraged using the "Ask a Question" function.

Introduction of the Current Board:

- Introduced the Trustee Board with nine members.
- Explained the composition: three employer representatives, three member representatives, and three independent directors.
- Recognised the departure of Member Director Jan Dekker and welcomed Julian Widdup as a new Member Director.

Our Fund, Our Purpose, and What We Offer:

- Highlighted the core focus of supporting members in preparing for financial freedom in retirement.
- Shared the history and growth of Catholic Super, including the partnership with Equip Super.
- Emphasised strong relationships with various industries and new collaborations with Catholic Schools.

Fund Accolades:

- Acknowledged independent ratings agencies' recognition, including SuperRatings and Chant West.
- Congratulated the team for consistently providing top-quality products and services.

One Fund and Positioning for Growth:

- Discussed the One Fund initiative and its objective to integrate operations and consolidate foundations.
- Noted the successful implementation of initiatives associated with One Fund from July 1, 2023.

Farewell to Danny:

- Acknowledged the contribution of the former Chair, Danny Casey.
- Recognised Danny's leadership during the joint venture and the global pandemic.
- Expressed gratitude for Danny's dedication and leadership.

2. CEO update and Fund overview – Scott Cameron

Greeting and Welcome:

- Scott Cameron extended a warm welcome to Michael, the new Chair of Catholic Super, and acknowledged his expertise in investments, finance, strategy, and leadership.

Recapping on the Financial Year:

- Reviewed the challenges faced during the past financial year, including conflicts, rising interest rates, and market volatility.

Fund Performance:

- Despite challenges, all Fund investment options delivered positive returns for the year to June 30, 2023.
- Highlighted Growth Plus and Balanced Growth option performances.

Strategy for Growth:

- Emphasised the Fund's core purpose of supporting members for financial freedom in retirement.
- Discussed the importance of growth, increased scale, and achieving economies of scale for better member benefits.
- Shared examples of reduced fees and improved member services post-merger with Equip Super.

One Fund and Milestones:

- Discussed the significance of the One Fund initiative, streamlining operations, and achieving consistency.

- Highlighted benefits like reduced fees, a consistent service experience, and an improved menu of investment options.

Brand Consolidation:

- Explained the consolidation of Catholic Super brands, retiring sub-brands for a more consistent service experience.

Digital Enhancements:

- Shared improvements in digital capabilities and website development for better personalisation and information delivery.
- Mentioned winning the Best Member Education award for 2024 by Super Ratings.

Insurance Product Uplift:

- Explained enhancements in default TPD insurance cover, broadening eligibility, and slight cost increase for overall member benefit.

Cyber Security:

- Emphasised the continuous focus on cyber security, with a dedicated team monitoring and strengthening security measures.
- Discussed ongoing measures and exploration of AI benefits and potential impacts on security.

Partnering with Employers:

- Highlighted collaboration with employers, providing support through superannuation, insurance and financial advice information.

Supporting Our People:

- Recognised the importance of the team at Catholic Super and the extensive review of people frameworks and policies.
- Introduced new values, Super Stars program and various learning and development opportunities.
- Noted the positive impact on employee engagement and thanked the team for their commitment.

3. Investments and markets update – Andrew Howard

Greeting and Introduction:

- Andrew Howard acknowledged the current market movements and expressed the importance of understanding their impact on the Fund's portfolio.

One Fund Changes:

- Discussed the impact of the One Fund program on the Investment offer, highlighting the streamlining of investment offerings across Catholic Super and Equip Super.
- Noted changes to the MySuper default investment strategy, moving to a single diversified investment option from July 1, 2023, to increase operational efficiency.

Investment Objective and Strategy:

- Emphasised the Fund's core objective of growing members' wealth over time for financial freedom in retirement.

- Explained the active approach to managing investments, focusing on long-term returns and being patient amid market volatility.
- Stressed the importance of diversification across asset classes and within them.

Responsible Investment:

- Highlighted the Fund's responsible investment approach, considering issues like climate change, human rights and diversity.
- Shared examples of initiatives addressing modern slavery and climate change, emphasising a focus on real-world change.
- Introduced the refreshed Future Focus investment option with higher exposure to ESG-aligned investments compared to our MySuper option.

Fund Performance:

- Reviewed the positive returns of each investment option for the financial year ended June 30, 2023, attributing success to strong equity market performance.

Market Overview:

- Addressed the apparent disconnect between equity market momentum and the underlying economy.
- Discussed concerns about inflation, interest rates and geopolitical risks impacting the current market environment.

Portfolio Positioning:

- Described the strategic repositioning of the portfolio over the past 12 months, including trimming equities and increasing exposure to cash and bonds.
- Explained the role of bonds in portfolios, their stability and diversification benefits.
- Noted the impact of rising interest rates on bond returns and expressed optimism about the future bond environment.

Member Queries and Financial Planning:

- Assured members of the Fund's well-positioned status to navigate challenges and deliver strong, long-term investment returns.
- Encouraged members with queries or concerns about their investment options to contact the team of financial planners.

4. Enhancing our member experience – Alexis Harrison

Greeting and Introduction:

- Alexis Harrison greeted the audience and expressed enthusiasm for discussing the initiatives aimed at improving members' experiences.

Being a Proactive Partner:

- Reiterated Catholic Super's commitment to supporting members on their journey to retirement.
- Emphasised the Member Office's role in providing products, services and experiences to facilitate a successful transition to retirement.

Rebranding:

- Acknowledged the importance of the Catholic Super brand and the retirement of three sub-brands on June 30, 2023, for improved operating efficiency.
- Assured members that the change in name would not affect the quality of products and services received.

Improving Digital Experience:

- Introduced the new website launched on July 1, 2023, with upgraded content and consolidation of branded sites.
- Emphasised the efficiency gains, lower costs and focus on delivering a better member experience.

Exploring the New Website:

- Described the intuitive structure and personalised content of the website, including a Knowledge Hub with educational modules.
- Highlighted the Explore and Learn section tailored to different life stages and the introduction of new calculators.
- Emphasised the importance of human-centred design principles for creating a user-friendly experience.

Member Education:

- Stressed the significance of providing support through education as a key focus for Catholic Super.
- Celebrated winning the Member Education award at SuperRatings' Annual Super Fund of the Year Awards.

The Next Chapter Approach:

- Introduced The Next Chapter approach to retirement, focusing on understanding members' needs during the transition from work to retirement.
- Discussed resources, face-to-face seminars and the maintenance of a full suite of financial advice offerings to support members during retirement.

Enhancing Insurance Offer:

- Shared changes made to refine and enhance total and permanent disablement cover, resulting in a small fee increase but improved benefits for members.
- Introduced the 360Health Virtual Care program in partnership with MetLife, providing confidential online access to specialist healthcare at no additional cost.

Listening to Our Members:

- Emphasised the value of feedback received from members through research studies and regular surveys.
- Encouraged members to reach out with their feedback and assured them that their opinions are essential for continuous improvement.

5. Q&A and closing remarks – Michael Cameron

- Introduction to questions and answer session

“Are there any new developments to address cyber security threats and protect both privacy of information and investment funds in the light of risks from Artificial Intelligence particularly identity replication?”

Answered by Scott Cameron

Cyber security threats are constantly evolving, and we’re committed to continuously assessing and strengthening our cyber security approaches. Some of the recent measures we’ve undertaken focus on strengthening data security, such as tightening data loss prevention, expanding our capabilities in proactively seeking out potential threats (threat hunting) and reinforcing our technology infrastructure and operational capabilities.

We’re also at the early stage of exploring the benefits, capabilities and potential impacts of artificial intelligence (AI). We’ve specifically assessed our current identity verification processes and have determined that, at present, there is no vulnerability to threats from AI identity replication. Of course, AI is a rapidly evolving landscape, so we continue to monitor for any developing threats to our existing systems in this area.

“I feel the fees are still too excessive at Catholic super and I’m wondering when and if they will be reduced in the near future?”

Answered by Scott Cameron

We’re committed to supporting our members as they prepare for financial freedom in retirement, and we’re very aware that fees have an impact on a member’s retirement savings. So it’s important that we strike the right balance between our award-winning products and services, and the fees we need to charge to be able to offer them to our members.

We’ve provided Catholic Super members with substantial and sustainable reductions in fees since the joint venture and subsequent merger with Equip Super in 2019, via several reductions to investment fees. For example, looking at the options that many members were invested in, the total investment fees and costs for Growth Plus went from 1% in 2019 to 0.65% today. Similarly, the total investment fees and costs for Balanced Growth went from 0.89% to 0.61%.

More recently, from 1 July 2023, we changed our administration fee structure, which included providing accumulation members with a tax rebate on their administration fees, and setting a fee cap, which also meant Catholic Super accumulation members now pay less in administration fees than they did previously.

The year before, we provided Catholic Super pension members with a reduction of the fee cap from \$2,500 to \$1,000 (charged for balances up to \$500,000).

We review our fee structure regularly, and benchmark our position against the broader superannuation industry to remain competitive. As a result of the fee changes we’ve introduced in

recent years we've been able to achieve a competitive total fee position for our Catholic Super members (Chant West Member Outcomes Dashboard November 2023: MySuper ranking of 22/49).

But that doesn't mean we stop there. As a profit-to-member fund, we're always on the lookout for ways to sustainably reduce the fees we charge members. We are currently investigating and the prospect of further fee reductions.

“What is the best Pension portfolio for retirees?”

Answered by Alexis Harrison

Retirement is different for everyone – the types of retirement accounts that work best for you, and the types of investments you choose, depend on your personal financial circumstances and your goals for your retirement.

At Catholic Super we offer a range of retirement income accounts, as well as a range of investment options, so you get to retire your way, and invest your money in a way that best suits your needs.

You can see more on what we offer on our [website](#).

We also know that planning for retirement and how best to make the transition can be complex – but you don't need to do it alone. We offer comprehensive support through our team of expert financial planners. Again, take a look at our [website](#) to find out more. You can also contact our Advice team if you'd like to discuss this with them – we'll show the contact details at the end of this session.

“... in this time of climate emergency, policy changes, government and private industry investment in significant changes, why are ethical investments currently providing somewhat negative returns?”

Answered by Andrew Howard

I think there are a few things to cover on this one.

Broadly speaking, some industries will perform differently to others at different points in the overall cycle. This can be due to macro-economic conditions, structural changes within sectors (for example emerging technologies and artificial intelligence) or other market influences such as commodity cycles or interest rate changes.

This means that assets or companies that might have a positive outlook over the long term might not perform as well as other companies, or the broader market in the short term.

This may alter how an ethical-based investment or fund performs when compared to a fund that takes a responsible approach to investment. Whilst responsible investors tend to focus on how ESG factors may impact investment performance, ethical-based funds may prioritise the alignment of a company or activity with their values-based framework, and then look at financial performance.

This may have a number of outcomes. For example, these options tend to focus on growth-oriented investments which can have more volatile performance. They may also exclude certain sectors where the activity does not align to the moral framework of the investment option. In general ethical-based options focus on a narrow selection of industries and companies. In some cases, this may cause underperformance, especially when sectors that are excluded perform well.

For example, an ethical investor may exclude an energy company that relies on coal to produce electricity because it's an activity that is under risk from the transition away from fossil fuels over time. A responsible investor would tend to focus on how they can encourage the company to take steps to contribute to this transition, for example by investing in renewable technologies and battery storage and retiring older fossil-fuel based assets.

Over time, as the company transitions and becomes cleaner and coal becomes a smaller and smaller part of its generation mix, it may meet the requirements of the ethical investor. They may then choose to buy shares in the company, now that it generates most of its energy from renewables and isn't as reliant on fossil fuels.

Over the long term these two funds might look the same, but in the shorter term their performance will likely differ, depending on how well the energy company has performed year on year. Because ethical investors make decisions based on a set of values as well as investment performance, the performance of these funds may be different to those that consider how environmental or social issues may impact the risk or return of an investment and adjust their approach accordingly.

“I and my wife are in Perth. We noticed that the local representative was no longer in place. Is there plan to have one?”

Answered by Alexis Harrison

I'm pleased to let you know, Gregory, that our team operates Australia-wide – including Perth – and is available for either in person meetings or phone and web-based consultations; whatever works best for you.

So wherever you're located, you can access general advice via our Service Centre team, or super advice on matters specifically relating to your super account with us, as well as comprehensive advice from our fully qualified Catholic Super Financial Planning team.

We'll show some contact details at the end of this session if you'd like to get in touch.

“Why have returns gone backwards?”

Answered by Andrew Howard

Thanks for the question John.

For the year to 30 June 2023 Catholic Super's Growth Plus option returned 13.01% and the Balanced Growth option returned 9.64%. However, we've seen shorter time periods over the last couple of years where returns have been negative. Since 30 June 2023 we've seen negative returns in most

options, particularly those with higher exposure to growth assets like shares and property. The main reason for this period of heightened volatility in markets has been the rise in inflation, evident here in Australia and around the world, as the global economy recovers from the impact of the COVID-19 pandemic.

To combat this, central banks have increased interest rates very quickly and to levels we haven't seen for a very long time. This has created uncertainty, and markets generally don't like uncertainty. It's also meant that many consumers have less money to spend, which means it's a tougher environment for business to make profits.

So while this has led to a challenging time in markets, we are comforted by signs that inflation now looks to be easing, and believe this adjustment period is closer to ending.

“Where are my funds being used?”

Answered by Andrew Howard

Catholic Super offers a range of diversified and sector-specific investment options. You can find out more about our investment options on our [website](#) and also in our guide for members: [How we invest your money](#), which you'll also find online.

Each diversified investment option invests into a range of investments including Australian and international shares, property, infrastructure, alternative assets, fixed income and cash. While the sector-specific investment options, as their name suggests, invest in a single market sector.

You can find more information on the individual holdings in each option in the [portfolio holdings](#) information we provide on our website.

Why not simplify the beneficiary process and make it available online, and why can't the beneficiary information transfer automatically to the pension account, instead of having to do it over again?

Answered by Alexis Harrison

Some beneficiary records can already be amended via our secure [Member Online](#) service, such as adding or changing a non-binding beneficiary nomination. Other changes, however, need to be done via a paper-based form, particularly where it requires a witness to also complete the document. This is the case when making a binding beneficiary nomination.

It's also important to note that any beneficiary nomination you make is specific to the account itself. So when opening a Catholic Super Retirement Income account, any previous instructions you've provided for another Catholic Super account can't be applied to the new account. That's also because different or additional beneficiary features may apply to retirement income accounts, so it's important to consider all of the options available to you when making nominations for the new account.

Closing remarks – Michael Cameron:

- Acknowledged that due to time constraints, not all questions could be addressed during the forum. However, reassured members that all questions and answers, both those addressed and those unanswered at the meeting, will be made available on the Catholic Super website in January.
- Reiterated the core purpose of Catholic Super to support members as they prepare for financial freedom in retirement.
- Emphasised the commitment to delivering strong long-term returns for members while keeping fees as low as possible.
- Stressed the importance of providing personalised service, support, guidance and advice to ensure the best possible retirement outcomes for members.
- Expressed gratitude on behalf of the Board and the management team for the members' time and participation in the meeting.
- Affirmed the fund's dedication to continuing support for members on their super and retirement journey.
- Invited members with any further questions about the meeting or their super to contact the Service Centre on 1300 655 002 between 8:30 am and 6:00 pm AET, Monday to Friday, reiterating the contact number for emphasis.
- Concluded the Fourth Annual Member Meeting.

Meeting concluded at 5pm Australian Eastern Daylight Time.