

**Trustee of the IOOF Portfolio Service Superannuation Fund ABN 70 815 369 818 and  
AvWrap Retirement Service ABN 82 004 832 237 (Funds)**

Annual Member Meeting for the financial year ending 30 June 2024 held online via video conference on Tuesday 18 February 2025 at 2:30 pm (Melbourne Time).

**PRESENT:**

Danielle Press	Chair & Independent Non-Executive Director
Beth McConnell	Independent Non-Executive Director
Marianne Perkovic	Independent Non-Executive Director
Mario Pirone	Independent Non-Executive Director
Karen Gibson	Independent Non-Executive Director
Steven Schubert	Independent Non-Executive Director
Deborah Alliston	Committee Member, Superannuation Trustee Investment Committee
Scott Hartley	Chief Executive Officer
Sharon Suan	Chief Member Officer
Anvij Saxena	Chief Risk Officer
Dan Farmer	Chief Investment Officer
Damien O'Donnell	Chief Technology Officer
Jason Sommer	Chief Operating Officer
David Chalmers	Chief Financial Officer
Garry Mulcahy	CEO – MLC Asset Management
Dave Woodall	CEO – Superannuation
Lawrence Hastings	Chief Legal Officer
Melissa Walls	Chief People Officer
Elizabeth McCarthy	CEO – MLC Expand
Andrew Howard	Executive Director Strategy & Innovation
Renee Howie	Chief Customer Officer
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
Mark Nelson	RSE Actuary
Dean Waters	RSE Auditor

**APOLOGIES:**

Roger Rowlinson	Committee Member, Insurance & Claims Committee
Mick Da Silva	General Manager Planning & Performance
Kavi S Attygalie	General Manager Financial Crime
Michael Courtney	General Manager Operational Risk

## **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.ioof.com.au/forms> 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 opened the Annual Member Meeting (**AMM**), welcomed all attendees and made the acknowledgement of country.

Ms Press thanked the former Chair, Mr Lindsay Smartt for his leadership and contribution to the Board. Ms Press outlined the agenda for the AMM and advised that IOOF 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 270,000 members.

Ms Press spoke about the second edition of the MLC Financial Freedom Report released in February 2024 noting that:

- the report, which surveyed 2,507 Australians of all ages, genders and locations, found that the most common goal is financial independence 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; and
- financial well-being is the purpose and the goal of super, which is to 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.

Ms Press provided an overview of the ways in which IOOF has been working towards improving members' financial well-being over the past year:

- with the introduction of the Financial Accountability Regime in March 2025, the measurement of performance and the assessment of risk has been revised;
- the Expand, Shadforth Portfolio Service and IOOF Employer Super products have been enhanced;
- online portals and apps have been updated to make it easier for members to track the performance of their super, pension and investment accounts;
- the IOOF website has been refreshed to streamline navigation and accessibility; and
- the Shadforth website and Shadforth Portfolio Service platform have been refreshed to help members manage their accounts more easily.

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 including those regarding publicity about 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 at higher levels 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:

- an increased allocation to growth assets from 70 to 79% of total portfolio investments;
- allocation to additional asset classes including private equity, alternative credit strategies and unlisted infrastructure; and
- additional expertise recruited to the experienced investment team working on the Fund.

Mr Farmer advised that the IOOF Balanced Growth option (formerly known as the IOOF Balance Investor Trust):

- returned 11.72% for the year ending December 2024 (net of investment management fees and tax and before administration fees); and
- is in the top quartile of funds over 1 and 3 years in the SuperRatings SR50 MySuper survey.

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 Chief Investment Officer, Mr Dan Farmer, CEO - MLC Expand, Ms Liz McCarthy and Director, Ms Beth McConnell.

**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's 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's next? We've had one cut to 4.1%, the first cut we've had since November 2020 - Our minds will quickly turn to: Are we going to get more cuts? It's 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. An Expand member would like to know how our performance compares to Vanguard or BlackRock ETFs which are significantly cheaper?**

**Dan Farmer:** Expand provides access to a broad range of investment options, including some ETFs - performance really depends on the specific investment option you're asking about here.

With this in mind, and because performance varies based on factors like the asset class, the option investing, the level of risk, fees, and market conditions, it is important to compare individual investments rather than platforms. It is a good idea to talk to your adviser who can help you understand how each option is performing and really guide you in making the best investment choice based on your needs.

**2. An Expand member would like to know - Why super funds deliver different returns and results for their members?**

**Dan Farmer:** As I mentioned in the last question, Expand does allow members to build tailored investment portfolios by choosing from a range of options managed by different investment managers.

Each type of fund has its own investment strategy, fee structure, and asset mix, which can lead to different performance outcomes. As I covered in my talk, if you 'are invested in our MySuper Fund called IOOF Balanced Growth, our return of 11.72% over the last year compares really well to other super funds, as shown by its top quartile performance in the SuperRatings MySuper Survey. Ultimately, differences between super fund returns largely come down to how their investments are structured and managed.

**3. Several questions have been received about cybersecurity, covering how we protect our members' personal data and funds, measures to prevent hacking, and our compliance certification. There's also interest in security enhancements like Multi-Factor Authentication and how members can best access these protections.**

**Beth McConnell:** This issue is very much front of mind for us, as I am sure it is for all of you as well. Let me start by saying we are committed to protecting our members' personal information and money against the rising threat of cybercrime. We do have a range of security measures in place.

Those measures are guided by industry best practice as well as meeting our regulatory and legislative requirements, and they include things like Multi-Factor Authentication, encryption of data, and firewalls. We also have intrusion detection systems and cyber threat intelligence monitoring, and we monitor for malicious activity through a 24/7 security operations centre. It is also worthwhile to say we are continuing 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. Probably the last point to note is for our members' information, we have launched a Cybersecurity and Scam awareness page on the IOOF website, and that has tips for staying safe online, so we encourage you to check that out.

**4. In what ways have the retirement income covenant been progressed and how can members access relevant retirement income products?**

**Liz McCarthy:** We provide access to a variety of information to support our members as they approach retirement. It is a big decision. There is quarterly newsletters, webinars, seminars, digital tools, and calculators that help you, our members, to better understand your financial situation. If you have a financial adviser, we encourage you to speak with them. If you do not have one, you can access some general advice over the phone at no additional cost to you. We are always looking for ways to improve the experience in our products. In the coming years, we will be expanding a range of super and pension products. We will be adding a new innovative retirement solutions product that can help provide you with more flexibility and confidence in your financial future.

**5. Is it likely the Government will increase the age limit from 67 for concessional contributions for those retiring and who are not working?**

**Beth McConnell:** Generally, the Government does not have any intention to increase the age limit at the moment for the work test. However, there are other options that members can look at. The transfer benefits cap is something that you might look at because that is increasing from \$1.9 million to \$2 million in the coming year.

**6. When can men retire, and what would a couple need to have saved for a comfortable retirement, especially considering the current inflationary pressures?**

**Liz McCarthy:** Generally super can be accessed between the ages of about 55 and 60, regardless of your gender, depending on when you were born. While many people retire around this time, the right age to retire really depends on your personal situation.

According to ASFA Retirement Standard, the fortnightly expenditure for a single person aged between 65 and 84 living a comfortable lifestyle is just under \$2,000 at about \$1,996. For a couple, it's \$2,798. Those estimated budgets assume that you own your own home and that you're relatively healthy. In contrast, the age pension payment is subject to income and assets tests, and the maximum basic rate per fortnight for a single person is \$1,047 and \$1,578 for a couple, excluding pension and energy supplements.

These numbers show that the Government aged pension alone is not enough and how important it is to plan for your retirement to meet your needs. You can check out some of our planning resources if you need them on the IOOF website, where you can find educational insights and access to calculators and tools, and more if you need more information.

**7. How often should you update your super beneficiaries?**

**Beth McConnell:** It is really important to consider what will happen to your super when you are no longer here. If you have not yet done this, please consider this a reminder to do so. You can nominate a beneficiary through your online account or by giving us a call. For those of you who are not familiar, a beneficiary is a person or the

people who you nominate to receive your super when you pass away. There are two main types of beneficiary nominations. A valid binding nomination means that we are legally required to pay your super to the people that you nominate. A non-binding nomination means that your nomination is treated as a preference, but the trustee can consider other factors such as your other dependants, when we decide who gets your super.

For more information about the different types of nominations and how to make them, please check out the details on our website. Lastly, a reminder that it is a good idea to review your nomination every few years or after big life changes. Things like getting married, divorced, or having a baby. It is a good idea to check.

- 8. What does the investment team do to ensure that the fund policy holders are getting the very best returns, and how often do they review investments? Is it daily, weekly, or on a longer-term basis?**

**Dan Farmer:** Our investment team are always reviewing allocation, investment strategies, and the fund managers in our portfolio, really to find the best balance between risk and returns. This is a really rigorous and ongoing process, and we adjust portfolios whenever we see better opportunities come up or risks emerge.

- 9. The Expand web portal seems very simplistic compared to MLC. Are there any plans to enhance it?**

**Liz McCarthy:** The Expand member portal is streamlined, but it does have more features compared to the old MLC member portal. Our mobile app has the same functionality as the website, so you can always download that for access to your account, if that is convenient for you. If you have a financial adviser, the online transacting features on the Expand website are actually turned off by default. If you would like them switched on, just give us a call and we can reinstate them for you.

- 10. What is the economic impact of BRICS on the world economy?**

**Dan Farmer:** For those who are not super familiar, BRICS stands for Brazil, Russia, India, China, and South Africa. It is a question said over the over the past 20 years, there's no doubt BRICS have had a huge impact on the global economy that has really been dominated by the rapid growth in China and India.

If you look at International Monetary Fund statistics, China's share of the global economy has jumped from around 10%, back in 2005, up to 20% today, thanks really to its role as the factory to the world. India has also grown significantly, coming from around 5% 20 years ago, to around 8.5% today. The rapid growth in China and India has reduced the economic dominance of countries like the United States, Europe, and Japan. Interestingly, and recently, we have seen President Trump making some really strong statements that he intends to limit the influence of BRICS in the world financial system. In particular, he is threatening 100% tariffs on BRICS nations if they attempt to really establish their own common trading currency. That could ultimately undermine the US dollar as a dominant currency of trade. While BRICS have some appealing aspects from an investment perspective, they also have a notable volatility and risk and potential for disappointment.

- 11. There have been a number of questions about the future of our investments in coal, gas companies, with particular interest on what Expand is doing to move funds out of these sectors and towards more sustainable energy. Members are keen to understand where sustainable energy investments are being prioritised over coal, oil, and gas?**

**Dan Farmer:** While we consider many factors when we choose investments, we do not prioritise any investment because of sustainability considerations alone. There is new legislation that now requires us to assess and report on climate risks and adopt

targets to lower portfolio carbon emissions. This means, going forward, Expand and IOOF products may have less exposure to coal, oil, and gas-related companies.

We believe engaging with companies is more effective than simply selling our shares to reduce emissions, selling to potentially less sustainability-focused investors could just take the pressure off those companies to act now. Instead, we actively work with select high-emission companies where we have influence to encourage change. We also plan to expand this approach as we strengthen our risk assessments in the future.

**12. How much money goes to unions via sponsorships, entertainment, membership fees, payments, events, and attendances at conferences?**

**Beth McConnell:** I will start with the union aspect of that question, and in the financial year ended 30 June 2024, we did not make any payments to unions. You will find a list of the expenditure that we did pay out of the fund for the last financial year on things like marketing, sponsorship expenses as well as related party payments in your annual member meeting notice, and this can also be viewed online.

**13. Several questions about the possibility of investing in Bitcoin or cryptocurrency assets, with members asking if or when these options will become available? There's also a question about why Bitcoin hasn't already been available in the self-managed super fund?**

**Dan Farmer:** If we start and we look at externally managed investment options often on offer, the portfolio managers of those funds may decide to include or exclude Bitcoin. It is important to note, however, the Trustee does not have direct control over these decisions. If you are with Expand and have an adviser, it is a good idea to have a chat with them to figure out which investments align with your personal goals. As for the IOOF fund investments, we are keeping a close eye and open mind on Bitcoin and other cryptocurrencies at the moment. We view Bitcoin as a not now, rather than a not ever sort of situation.

This decision I think, really aligns with our investment philosophy and process where we carefully, consider the risks and benefits of assets we want to include in our portfolios. There are some big global financial players getting involved with Bitcoin, for a whole range of reasons. We do not think simply following the crowd is always the right move. We believe it is really important to come to our own conclusions through research and analysis.

Bitcoin advocates often support it because of the strong returns and past performance. However, as we all know, past performance is 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 its extreme performance swings. If we look back 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 four times more volatile than the US stock market. On top of this higher volatility, we are also not convinced that Bitcoin is a good diversifier, which consistently demonstrates low correlations to other investments in the portfolio. Bitcoin does appear to be moved by 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 flows, dividends, or anything we can use to measure its value in any sort of traditional way. Similarly, Bitcoin is not yet a widely accepted medium of exchange like, say, the US dollar. At the moment, it is based on the hope that someone in the future is willing to pay a high price. For

investment professionals like us, being able to value assets by metrics such as future cash flows and dividend yields is really critical.

**14. When will ASX listed ETFs be added the funds' menu?**

**Dan Farmer:** The Trustee in this case, IIML, offers access to a range of listed securities, including trustee approved ETFs. It is really important to remember, however, that not all ETFs are created equally. Their quality and suitability for superannuation can vary a lot.

The Trustee's investment strategy is designed to give members access to a really wide range of investment options with different sources of return, while keeping an eye on potential risks. As part of this approach, the Trustee carefully assesses which ETFs are appropriate for superannuation members to ensure they are aligned with their long-term objectives.

**15. To help monitoring investments, can a minor change be made to the Expand software to include a subtitle for managed investments and a subtitle for listed investments?**

**Liz McCarthy:** We are always looking to ways to improve, and I will pass this feedback along to the team. You can perhaps generate the portfolio summary report in Expand. This might provide you with the breakdown of the asset types that we support. Maybe check that out there as well.

**16. An Expand Extra member would like to know if we offer the ability to invest in gold.**

**Dan Farmer:** As an Expand Extra member you can invest in gold through a number of ETFs we have. I would suggest again discussing this with your financial adviser to find the investment option that best fits your needs and goals.

**17. This question relates to the recent coverage we've seen in the financial press regarding our parent company, Insignia Financial Ltd. Several members have asked us to provide insight into the SS&C arrangement for our business, as well as an update to the recent takeovers proposals.**

**Danielle Press:** In December 2024, Insignia Financial Ltd took an exciting step to engage SS&C Technologies to simplify and transform our master trust business. Once that agreement is finalised, Insignia Financial plans to subcontract a range of administration and technology functions to SS&C. This will involve moving about 1,000 Insignia Financial team members and some of our technology to SS&C. That transfer will help support the continued action of services, operations, and product knowledge for our members.

Importantly, Insignia Financial will still oversee claims and compliance, making sure that we maintain a high level of care and service that our members expect. This is all expected to happen around the middle of this year, and we are very excited about this arrangement with SS&C, which will help us enhance our operations and further prioritise our member experience.

As for the private equity interests, we are receiving, you may have seen in the media that Insignia Financial has received non-binding proposals from Bain Capital, CC Capital, and 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 we're required to, but we will not be commenting further on the process now that that 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 3.12 pm.



Danielle Press

Chair

IOOF Investment Management Limited

11 March 2025