IIML (IOOF) FY2024 Annual Members' Meeting Transcript

Danielle Press – Welcome and Fund Update

Good afternoon everyone and welcome to the Annual Members' Meeting for the 2024 financial year. I'm Danielle Press and I'm the chair of IOOF Investment Management Limited, which is the trustee for IOOF Portfolio Service Superannuation Fund and AV Wrap Retirement Service. I'd like to begin by acknowledging the traditional owners of Country, both the Wurundjeri Woi-wurrung and Bunurong / Boon Wurrung peoples of the Kulin nation on whose land we are meeting today, and throughout Australia.

We pay our respects to elders, past and present. I'd also like to thank you, our members, for taking this time to listen and ask questions about your super. Especially those who might not have attended our previous annual meetings. IOOF is part of the Insignia Financial group of companies, one of Australia's largest wealth managers. At IOOF we are proud to be looking after the retirement savings of over 270,000 members.

We really value everyone's input and engagement, so a big thank you to everyone for joining us today. This is after all, your money that we are managing, and we really appreciate the trust you place in us. I'm honoured to represent IOOF for today's meeting, along with my colleagues, and it's worth pointing out there are lots of others working behind the scenes, including a group of non-executive directors at IOOF.

Everyone is working hard to uphold our statutory and fiduciary obligations, and ultimately to act in the best interest of you, our members. We also benefited enormously from the support and leadership of our outgoing chair, Lindsay Smartt. No one saw the pandemic coming in 2020, and Lindsay's oversight during that challenging period was crucial. On behalf of our IOOF, I'd like to wish Lindsay all the best and thank him for his service and dedication.

Today I will be summarising the year that was and discussing some of the vital work we have undertaken to improve our performance, our service to members, and our risk management. After this, you'll hear from our Chief Investment Officer, Dan Farmer, who will take you through the major events that shaped both Australian and global economies in 2024, the impact on investment markets and most importantly, how your super has performed.

After Dan, you'll have the opportunity to ask questions about your super fund's performance, investment strategy, and anything else you would like to know in the Q&A session. I know several of you have submitted your questions in advance, and we thank you for that. You can also ask questions via your screen now. Two important bits of housekeeping with regard to those questions. For privacy reasons, we will not be able to answer personal financial questions.

And I encourage you to reach out to our contact centre with your personal questions. They'll be able to direct you to the appropriate person. Secondly, we will aim to answer as many questions as we can during today's meeting. Any questions we don't get to in this meeting will be published in our full response on our website within a month. Now let's get started.

Towards the end of 2024, we released the second edition of the Financial Freedom Report, which explores financial wellbeing and what it means to Australians, to people like you, our members. This was a significant undertaking, compiling data from thousands of Australians of all ages, genders, and locations to better understand how Australians feel about their financial position. If you haven't read the report, I encourage you to have a look.

I don't want to go through it in too much detail, but I do want to discuss some of the bigger themes. Firstly, financial independence remains the most common goal among Australians. More so than the ability to take regular holidays or even to buy a home. And 70% of Australians believe that their financial wellbeing is critical to their mental and physical wellbeing as well.

So what else does financial wellbeing look like? We actually asked that question and while we got some pretty varied answers, there's one here that I think captures it pretty well:

“Financial wellbeing is being able to meet my obligations, to have savings and a good retirement plan, meaning that when I retire, I’ll have enough money to live on instead of relying on the Government.”

That speaks directly to our purpose as a super fund – to give you peace of mind that your retirement will be comfortable and well-funded. Our goal is to complete that part of your financial wellbeing puzzle for you.

2024 has not been without its challenges, with ongoing conflicts weighing on markets and inflation, which continue to apply pressure more locally. What does all this mean for your fund's performance? Despite these challenges, it's been a strong year for returns, which we are very proud of. And in just a moment, you'll hear from Dan, who will go over that in more detail. We’ve also been working towards your financial wellbeing in other ways.

In March this year, a new financial accountability regime was introduced by our regulators. And we've taken this as an opportunity to update the way we measure performance and assess risk. At the same time, we've been enhancing our Expand, Shadforth Portfolio Service and IOOF Employer Super products to help secure better retirement outcomes for you.

In 2024, we added enhanced performance reporting and interactive charts to our online portals and apps, making it easier for you to track the performance of your super, pension, and investment accounts. We also launched an updated IOOF website last month, making it faster and easier to use. The website has a fresh design, streamlined navigation, and better images that adjust to your device. The address is still ioof.com.au and we've also improved accessibility so everyone can use it.

These changes help us keep the site running smoothly, bringing the latest news and updates to your super in a way that is simple to navigate. The recently refreshed Shadforth website also now provides easy login and direct access to the Shadforth Portfolio Service platform, helping you manage your accounts with ease. Lastly, we continue to prioritise your security.

Our strengthened multi-factor authentication makes our website even more secure, helping to protect your data from cyber-attacks and unauthorised access. Soon, you'll hear how markets and your super fund have performed this year. But before I hand over to Dan, I'd like to remind you that within the Insignia Financial Group we have a number of financial advice practices.

If you're unsure about what to do with your super, or maybe if you're nearing retirement and are unsure how to manage your money through that process, speaking to a financial planner might be a good place to start. Remember, if you are ever in doubt about your super, whether you're looking for advice or just have a quick question about your fund, please talk to us. Our contact centre can put you in touch with the right people to answer your questions and help you get the most from your super.

Finally, we'll address pre-submitted questions about recent publicity regarding IOOF’s parent company, Insignia Financial Limited, and the agreement with SS&C Technologies to enhance our Master Trust business, during the Q&A segment. Thank you all again for your time today, and I'd like to welcome our Chief Investment Officer, Dan Farmer, to update you on your fund's results.

Dan Farmer – Investment and Market Update

Thanks Danielle, and good afternoon everyone. As Danielle mentioned, I'll be talking about the investment performance of our fund over the last year and what we have planned for the year ahead. 2024 has been a good year for most investment markets, and our funds have delivered healthy returns. To try and help explain why you’ve enjoyed this strong performance over the year, I'll aim to cover a few key topics.

First of all, we'll look at the key economic drivers over the past 12 months, how we positioned the fund to navigate through those conditions, the performance of your fund, and finally the outlook for the economy, markets, and our fund in 2025. So let's start by looking back on the economic themes that drove investment returns over the last year. Economic growth proved to be pretty resilient over the year, holding up well in the face of higher cost of living and interest rate pressures.

This provided a reasonable economic backdrop for shares and other high-growth assets to perform well. Inflation remained one of the most talked about and important topics over the year. Inflationary pressures have been a big focus of markets really over the last three to four years.

If we think back to when high inflation first reemerged during the Covid period, after a 40-year dormancy, many economists expected higher prices to be transitory and that inflationary pressures would pass fairly quickly once Covid cleared up and our supply chains returned to normal. Now, while inflation has eased back from very high levels, the pace of decline has slowed, and Australian households continue to feel the pinch through higher living costs.

So, inflation in Australia has remained a bit higher than central banks are comfortable with, and this has kept interest rates higher for longer as the RBA works to push inflation rates back down. The most recent reading of Australian inflation was the December CPI data, showing price increases of 2.4% for the year.

Now, while that places inflation within the Reserve Bank's target range of 2 to 3%, this will likely turn out to be a temporarily low level driven down by electricity price rebates introduced earlier in 2024. And this is one reason why the RBA has been reluctant to cut official cash rates to date. Now, the US appears a little further advanced than Australia in its fight against inflation.

The rate of inflation there has fallen more rapidly, allowing the Federal Reserve to make three cuts to the official cash rates over late 2024 and signal further modest cuts if inflation continues to behave. So overall, we expect inflation to moderate a little further over the next 6 to 12 months, but we think central banks may remain a little wary of inflation pressures persisting, and we may find a number of future cash rate cuts is less than many hoped for.

Now, a few unknowns around the direction of inflation have cropped up following President Trump's re-election to office. And we'll touch on these later in our outlook section.

So what does all this mean for you, our members? Well, as I mentioned earlier, even in the face of higher-for-longer inflation, the global economy has been pretty resilient. With its reasonably positive economic backdrop, we've seen share markets continue to deliver good returns.

The rollout of AI and its potential applications has investors excited. We’ve seen stocks linked to these themes perform very well. This helped international share markets deliver exceptional returns of around 27% over the year, which boosted returns in our diversified funds that invest in global shares. In addition to strong share markets, more defensive parts of our portfolio have also delivered healthy returns.

Investment in fixed interest assets, which includes government bonds and corporate credit, delivered returns of around 5 to 6%. While not as strong as shares, this level of return is considered healthy for these more defensive parts of our portfolio. In addition to strong markets, we've made several enhancements to the fund as part of our strategy to grow your savings. This year, we increased our allocation to growth assets from 70% to 79% of total portfolio investments.

As part of that change, we've allocated portions of the funding to additional asset classes, including private equity, alternative credit strategies, and unlisted infrastructure. At the same time, the fund is benefiting from scale through the acquisitions we've been making in recent years. We’ve been able to build a really experienced investment team working on your fund.

Our investment team, comprising over 45 people, is now managing 152 billion dollars on behalf of members across the Insignia Financial Group. This has helped us build a stronger negotiating position with our investment managers and access even more sophisticated investment opportunities from around the globe, all with the aim of improving diversification and long-term returns for your fund.

We’re pleased to share that this has resulted in a return of 11.72% for the IOOF Balanced Growth option, formerly known as the IOOF Balanced Investor Trust, for the year ending December 2024. This return is net of investment management fees and tax, and before administration fees. As our default investment option, this is where many of you are invested. This return is very healthy when compared to other super funds.

If we look at the Super Ratings SR50 MySuper survey, which surveys 45 prominent MySuper funds in Australia, IOOF Balanced Growth is in the top quartile of funds in that survey over 1 and 3 years, with our return of 11.72% for the year, well above the median or average fund return in the survey of 11.12%. Looking ahead, we're excited to continue building on these strategies to deliver even better outcomes for our members.

So, 2024 has been a strong year for returns. How do the prospects for 2025 look? The investment team constantly monitors investment markets, adhering to a well-established process to assess market conditions and outlook. Right now, our outlook for the year ahead is mildly positive, albeit with a few unknowns that could pose some risks.

When it comes to the economy, our base case expectation is for a gentle expansion in the all-important US economy and for inflation to moderate a little further, allowing central banks to modestly lower cash rates.

Given this supportive economic outlook, what might we expect to see from investment markets? Well, if we start with the share markets, which were a big driver of fund returns last year, the healthy economic growth we expect, coupled with further cuts to cash rates, is generally a good environment for shares.

Now, while this economic backdrop is supportive for shares, share prices have already risen sharply over the past year, and much of the good news about the economy and corporate earnings is already “priced in,” as we say. This just means share markets generally look expensive compared to history, and this tempers our outlook for the share market returns in the year ahead.

All in all, we're relatively neutral on shares, expecting modest positive returns, but unfortunately, we don’t expect to see a repeat of the stellar returns of last year. Now, if we turn to the more defensive holdings in our portfolio and think about the outlook for bonds and fixed interest investments here, the outlook is even more dependent on the direction of inflation going forward.

The rate of interest received on bonds and credit securities has risen significantly with the onset of inflation, and income generated from these defensive assets is now far more attractive than it was four years ago. Just as an example, the yield on a ten-year US government bond at the end of December was around 4.55%, compared to a yield of only 0.9% on the same bond four years ago.

Now, there's a risk interest rates and yields could go higher, but we see the level of income received from these fixed interest assets as reasonably attractive. In addition to the better returns, if inflation continues to behave, our fixed interest holdings could provide improved diversification benefits to our fund. As with any outlook, events can crop up that cause a change of view, and the team is constantly assessing and monitoring these.

I mentioned President Trump earlier. There's some uncertainty about what his second term will mean economically. The share market has initially reacted positively to his win and enjoyed a “Trump Bump” on the prospect of his government extending lower tax rates and pursuing a more business-friendly deregulation agenda. On the flip side, a number of President Trump's other campaign promises may pose a risk to our outlook.

His touted trade policy, which threatens to impose hefty tariff increases on key trade partners like 60% tariffs on China and drastically reducing the level of illegal immigrants in the United States, are potentially inflationary and may ultimately crimp growth. Another factor that could influence returns next year is China, and what policies are announced to stimulate growth in its large economy.

In November, China announced a 2.1 trillion Australian dollar stimulus package to give its sluggish economy a boost. That’s a lot of money and probably signals that China is willing to start spending again to boost its economy, but it appears more is needed to convince investors of a sustained pickup in the Chinese economy. So, as always, the future is never certain.

But no matter what happens, we're keeping a sharp eye on things, and our investment team is more than capable of managing your money through any ups and downs that 2025 might bring.

In closing, I'd really like to thank you all for listening today and, more importantly, for trusting us to invest your money. Super is a long-term investment, and for most Australians, we know it's often one of the biggest assets they'll own. So it's a real privilege to have your trust.

Our investment team works hard to generate the competitive returns we delivered in 2024 and manage your portfolio in line with our investment philosophy to help give you the life you want in retirement. Every year in markets is different, and just as surely as there will be years like this where we deliver strong returns for our members, there will no doubt be tougher periods ahead too.

Regardless, I'm confident our team and our approach will continue to work on your behalf, no matter what the market conditions, to deliver the strongest results we can for our members over the long run. Thank you once more for your time. I'll now hand you back to our chair, Danielle Press, to host the Q&A session.

Q&A Session – Danielle Press, Dan Farmer, Liz McCarthy and Beth McConnell

Danielle: Thank you, Dan. While you're making yourself comfortable, 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: Well, I think it's good news. You know, with the cut, the rate is at 4.1%. So it does take a bit of that pressure off our members with mortgages and feeling that cost-of-living pinch. In terms of markets, the markets were expecting a cut. So, no big shock for the markets. We've seen this. I think the interesting question going forward is, what's next? So 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. And when we look across to the United States, we know the Federal Reserve there is potentially pausing on its cash rate cut. So the RBA, I think, will be watching the data really closely. We'll have to wait and see what happens in terms of further cuts.

Danielle: Well, I'm sure like many of our members, I'm certainly relieved that we've had the first rate cut now.

So thank you so much. We'll now kick off the Q&A session from our members. As I mentioned earlier, we have received some questions during the registration and more now coming in. So just a quick reminder that our answers provided this afternoon are for information purposes only and are not financial advice.

Throughout the Q&A session, we'll be covering a range of topics relating to your super and your retirement. If you'd like more information on any of these, we encourage you to talk to your adviser, if you have one. Visit our website or give us a call. We're here to help.

Joining me to help address your questions today is Dan Farmer, who you have just heard from, Liz McCarthy, our CEO of MLC Expand, and Beth McConnell, one of our Directors. So let's get to it.

A couple of questions about Expand for us to kick off with. Timothy is an Expand member who would like to know how our performance compares to Vanguard or BlackRock ETFs, which are significantly cheaper. Dan, can you help Timothy?

Dan: Oh, I can, I think, and thanks, Timothy. Great question. Expand provides access to a broad range of investment options, including some ETFs. So performance really depends on the specific investment option you're asking about here.

So, 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's important to compare individual investments rather than platforms. So, it's 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.

Danielle: A really interesting question from Inez, who is also an Expand member. She would like to know why super funds deliver different returns and results for their members.

Dan: Look. Thanks, Danielle. Good question. 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. Now, as I covered in my talk, if you're 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.

But ultimately, differences between super fund returns largely come down to how their investments are structured and managed.

Danielle: Great. Thank you. We've received several questions 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, would you like to have a go at sharing those?

Beth: Thanks, Danielle. Look, this issue is very much front of mind for us, as I'm sure it is for all of you as well. So 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's 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, Danielle, is just 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.

Danielle: There's a lot going on in that space, but really critically important to protect our members. Thank you. We've also had a lot of questions about retirement. It's great to see so many of you taking steps to understand and plan for your retirement, and now we're here to help. So one of those is from Vanessa, who has asked us to go over the ways that we have progressed with the retirement income covenant and how members can access relevant retirement income products.

Liz, would you like to take that one?

Liz: Can do. Danielle. Thank you, and good question, Vanessa. So, we provide access to a variety of information to support our members as they approach retirement. It's a big decision. So, there's quarterly newsletters, webinars, seminars, digital tools, and calculators that help you, our members, to better understand your financial situation. If you've got a financial adviser, we encourage you to speak with them.

But if you don't have one, you can access some general advice over the phone at no additional cost to you. We're always looking for ways to improve the experience in our products. In the coming years, we'll be expanding a range of super and pension products. We'll be adding a new innovative retirement solutions product that can help provide you with more flexibility and confidence in your financial future.

But really good question, Vanessa. Thank you.

Danielle: We've got another retirement-related question here from Mark, who would like to know if the government is likely to increase the age limit from 67 for concessional contributions for those retiring and who are not working. Beth, do you want to take that one?

Beth: Sure. So 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's increasing from 1.9 million to 2 million in the coming year.

Danielle: Great. Thank you. We also have a question here from—oh no, we don't. I'm sorry. We've actually covered that one already. We have a question here from Sandor about when men can retire, and a lot of interest from our members about what a couple would need to have saved for a comfortable retirement. Especially considering the inflationary pressures that we're all facing. Liz, would you like to?

Liz: Good question. Once again. You can generally access your super between the ages of about 55 and 60, regardless of your gender, depending on when you're 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 is $1,047 per person (sorry, per fortnight for a single person) and $1,578 for a couple, excluding pension and energy supplements.

These numbers show that the government aged pension alone isn't 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.

Danielle: Great. Thanks for that, Liz. Really important to check out that website.

Beth, I think this is another one for you. From Amelia, who has asked, how often should you update your super beneficiaries?

Beth: Great question, Amelia. It is really important to consider what will happen to your super when you're no longer here. And if you haven't 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. And there are two main types of beneficiary nominations. A valid binding nomination means that we're 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.

So for more information about the different types of nominations and how to make them, please check out the details on our website. And 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's a good idea to check.

Danielle: Dan, Andrew has asked, what does your 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: Thanks, Danielle, and thanks for the great question, Andrew. Look, 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.

So this is a really rigorous and ongoing process, and we adjust portfolios whenever we see better opportunities come up or risks emerge.

Danielle: Great. Thank you. Eh-mill feels that the Expand web portal seems very simplistic compared to MLC. Are there any plans to enhance it? Liz, I think this one's for you.

Liz: I can answer that. 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's 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'd like them switched on, just give us a call and we can reinstate them for you.

Danielle: Right. Thank you. Another one for you, Dan. George would like to know about the economic impact of BRICS on the world economy.

Dan: Thanks for the question, George. I might be before I answer, and just for those who aren't 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. You know, that's 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 5% today. So these rapid growth in China and India, has reduced the economic dominance of countries like the United States, Europe, and Japan.

And interestingly, and recently, we've 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's 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.

So while BRICS, you know, have some appealing aspects from an investment perspective, you know, they also have a notable volatility and risk and potential for disappointment. Thank you for that. Another one coming in for you. We've seen 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. Okay. Thanks. Thanks, Danielle. So while we consider many factors when we choose investments, we don't prioritise any investment because of sustainability considerations alone. Now there's new legislation that now requires us to assess and report on climate risks and adopt targets to lower portfolio carbon emissions.

And this means, going forward, Expand and IOOF products may have less exposure to coal, oil, and gas-related companies going forward. Now, that said, 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.

And we plan to expand this approach as we strengthen our risk assessments in the future.

Danielle: Thank you. We'll give you a bit of a break. You, since you’ve had a lot of the questions for now. So, a question for you, Beth. Kathy would like to know how much money goes to unions via sponsorships, entertainment, membership fees, payments, events, and attendances at conferences. Thank you. I'll start with the union aspect of that question.

Beth: So in the financial year ended 30th 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.

Danielle: Thanks, Beth. Sorry, Dan, back to you.

We've received 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: Okay. Look, a very popular question. If we start and we look at our externally managed investment options often on offer, don't expand the portfolio managers of those funds may decide to include or exclude Bitcoin.

It's important to note, however, the trustee doesn't have direct control over these decisions. If you’re with Expand and have an adviser, it's a good idea to have a chat with them to figure out, you know, which investments align with your personal goals. So as for the IOOF fund investments, we're 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.

And 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. But we don't think simply following the crowd is always the right move. And we believe it's 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 it's had. However, as we all know, past performance is no guarantee of future performance. So we don't 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's been about four times more volatile than the US stock market. So on top of this higher volatility, we're also not convinced that Bitcoin is a good diversifier, which consistently demonstrates low correlations to other investments in the portfolio. And Bitcoin does appear to be moved by market sentiment, particularly in periods of market exuberance. So at the end of the day, Bitcoin is speculative.

Its value comes purely from what the next person is willing to pay for it. And unlike shares or many other investments. It doesn't produce cash flows, dividends, or anything we can use to measure its value in any sort of traditional way. And similarly, Bitcoin is not yet a widely accepted medium of exchange like, say, the US dollar. So at the moment, it's based on the hope that someone in the future is willing to pay a high price.

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

Danielle: A really complicated asset class. Thank you for that. I've since learned a lot, so I'm hoping that our members have as well. We've now got a question from Erica who was asked, when will we add ASX listed ETFs to the funds’ menu?

Dan: Thanks for the question, Erica. The trustee in this case, IIML, offers access to a range of listed securities, including trustee approved ETFs through it, sort of live and expand extra products. I think it's really important to remember, however, that not all ETFs are created equally. Their quality and suitability for superannuation can vary a lot.

The trustees’ 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're aligned with their long-term objectives.

Danielle: Great. Thank you. Elaine has asked that to help with monitoring investments. Can we please make a minor change to the Expand software to include a subtitle for managed investments and a subtitle for listed investments? Liz. Seems simple. But is that possible?

Liz: Thanks for your feedback, Elaine. We're always looking to ways to improve, and I'll pass this feedback along to the team. You can perhaps generate the portfolio summary report in Expand. And this might provide you with the breakdown of the asset types that we support. Maybe check that out there as well.

Danielle: Useful. Thank you. Patrick, who is an Expand Extra member, would like to know if we offer the ability to invest in gold. Dan?

Dan: Okay. Thanks, Patrick. Patrick, if you are 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.

Danielle: Great. Thank you. It looks like we've got time for one more question, and it relates to the recent coverage we've seen in the financial press. Regarding our parent company, Insignia Financial Limited, which I mentioned earlier, 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. I think I can answer this one.

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

Importantly, Insignia 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're 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. Because the three proposals have similar terms, the 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 won't be commenting further on the process now that that is underway. So okay.

Well, thank you all very much, everyone, for your engaging questions and joining us for the Q&A session. Your input is invaluable to allow us to address your questions while gaining a better understanding of what matters most to you. For more details on anything we've covered today, you can explore our IOOF and Expand websites. You can speak to your adviser, or you can give us a call for any of the unanswered questions.

We'll publish the responses along with the recording of the minutes of this meeting on our annual member meeting website within one month. You'll also receive a feedback survey after this meeting, and we would love to hear your thoughts on what worked well and what we can improve on for next year. As chair of IOOF Investment Management Limited, I want to thank you for being here today and trusting us with your superannuation.

A special thank you to Dan, Liz, and Beth for their contributions to this afternoon. And thank you all again for joining us and your participation. I wish you all a great afternoon.

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