

## **OPC (OnePath) 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 OnePath Custodians Pty Limited, which is the trustee for Retirement Portfolio 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. OnePath is part of the Insignia Financial group of companies, one of Australia's largest wealth managers. At OnePath, we're proud to be looking after the retirement savings of over 380,000 members.

We really value everyone's input and engagement, so a big thank you to everyone for joining today. This is after all, your money that we are managing, and we really appreciate the trust you placed in us. I'm pleased to represent OnePath at today's meeting along with my colleagues, and it's worth pointing out that there are lots of others working behind the scenes, including a group of non-executive directors of OnePath. Everyone is working hard to uphold our statutory and fiduciary obligation, and ultimately to act in the best interest of you, our members.

We've 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 OnePath, 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 the 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. In July, the prudential regulator APRA issued us with infringement notices totalling slightly over \$10 million, citing alleged breaches of the superannuation law for failing to invest members' default contributions in MySuper products. We've taken a proactive approach to fix this.

We've remediated affected members, and are working with independent experts, to review our systems and identify and rectify any remaining problems. 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 well-being in other ways.

In March this year, a new financial accountability regime is being introduced by our regulators. And we've taken this as an opportunity to update the way we measure performance and assess risk. We've made it easier for you to access the advice you need, feel confident about your superannuation and financial future. Members in our ANZ Smart Choice Super and OneAnswer Frontier Personal super, and pension products can now access Financial Coaching at no additional cost.

For those with more complex needs comprehensive advice is also available. You can find out more about these services by giving us a call. In addition, eligible members in the ANZ Smart Choice Super receive a retirement estimate as part of their annual statement. These

improvements are about giving everyone fair access to advice, so you can make the most of your super in retirement.

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 our 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 the 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 we have 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 roll-out of AI and its potential applications has investors pretty excited.

And we've seen stocks that are 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%.

Now, while not as strong as shares, this level of return is considered healthy for these more defensive parts of our portfolio. In addition to markets being strong, we've also made several enhancements to the fund as part of our strategy to grow your savings. If you were a member of the fund three years ago, you might remember that the fund invested almost entirely in listed assets. Since then, we've been working to enhance the portfolio mix by bringing a wider range of asset classes to help grow returns without taking on too much risk or becoming overexposed to one asset type or one market.

At the same time, the fund is really enjoying the benefits of scale through the acquisitions we've been making in recent years. We've been able to really build a very 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, and that's helped us build a stronger negotiating position with our investment managers and access even more

sophisticated opportunities from around the globe, all with the aim of improving diversification and long-term returns of your fund. We're pleased to share that this has contributed to a return of 12.9% for the Lifestages 1960s option for the year ending December 2024.

This return is net of investment management fees and tax, and before administration fees. 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, the SmartChoice 1960's option was the 5th best performing fund out of these 45 funds, with its return of 12.90% for the year, well above the median or average fund return in the survey of 11.12%. As we look ahead, the continued diversification of the fund, along with our experienced investment team, position us well to navigate the evolving market landscape.

We're dedicated to managing your retirement savings responsibly, with a focus on delivering strong, sustainable growth over the long term. 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. Now, as with any outlook, events can crop up that cause a change of view, and the team is constantly assessing and monitoring these. Now, 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 which 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. Now, 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.

So 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, Beth McConnell and Dave Woodall**

**Danielle:** Thank you, Dan. And now we'll kick off the Q&A session. I'm going to start with one. As we've been talking today, Michele Bullock has been addressing the media and journalists.

Obviously, the Reserve Bank has moved interest rates by 25 basis points. What does that mean for our members?

**Dan:** Well, I think broadly it's good news. Any of our members with a mortgage right are obviously very happy to see that cash rate come down. And just broadly, that sort of cost-of-living pressure. This goes some way to addressing that.

Now, for me, it's interesting how the markets feel about that. And look, markets were expecting cash rates to be cut, so this is no surprise. And it was certainly aligned with our expectations. I think the interesting part now is, well, what's next? We've had one cash rate cut to 4.1%. Usually when you get one cash rate, you get more. But we are in an interesting time.

You know, we know labour markets are pretty strong here in Australia. Inflation pressures are still bubbling away under the surface. And we know in the US, the US central bank over there, the Federal Reserve is getting close to sort of a pause level on cutting its cash rate. So not an easy decision for the RBA from here. And I'm sure we'll be watching data very, very closely to determine the next move.

**Danielle:** I'm sure they will be, but I was very pleased to see that cut today from a personal perspective. And I'm sure many of our members were as well.

As I mentioned earlier, we've received questions during registration, and more are coming in now. A quick reminder that as we answer the questions, we're providing broad information purposes and they're not financial advice. Throughout the Q&A session, we'll be covering a range of topics related to your super and your retirement. And if you'd like more information on any of these topics, we encourage you to speak to your adviser, if you have one, to visit our website, or to give us a call. We're here to help.

Joining me today to help answer your questions is Dan Farmer, our Chief Investment Officer, who you've just heard from, Beth McConnell, one of our Directors, and Dave Woodall, the CEO of our superannuation business.

So let's get started. We'll start with some of the following questions from Robert and Vanessa.

Why should members keep their superannuation with ANZ Smart Choice Super? And under what circumstances can members withdraw their super? Dave, I think this is a good one for you to kick us off.

**Dave:** Okay, sure, thanks Danielle. The trustee of Retirement Portfolio Service, OnePath Custodians Pty Limited, as Danielle mentioned earlier, which includes ANZ Smart Choice and the OnePath branded products, manages the retirement savings of over 380,000 members. So we're using a scale that size to deliver competitive fees and tailored benefits for our customers.

So for example, life stage options in ANZ Smart Choice Super delivered strong returns of over 12% for members born between the 1950s and the 2000s for the 12 months up until the end of December 2024. And we're really proud to offer access to general advice at no additional cost through our Australian-based team of financial coaches who are poised, ready to help. And recently, ANZ Smart Choice products received a AAA rating from Rainmaker, an independent

ratings agency, and a 5-star rating from The Heron Partnership for ANZ Smart Choice Super - Employer and MySuper. All that information and more can be found on the ANZ Smart Choice Super website.

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

**Danielle:** Thanks, Dave. Another question that's come in for you. Lyn would like to know what we are doing to actively lower fees or the cost of providing services? And what are our plans for introducing capped fees?

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

**Danielle:** Another fee-related question: Mike has asked, with some ETFs around the globe at less than 0.1% Management Expense Ratio, or MER, why are the ongoing costs so high in Australia? Dan, can you respond to that one?

**Dan:** I can. Thanks for the question, Mark. In Australia, you can invest in ETFs with fees as low as 0.1% or ten basis points per year. And these are typically low-cost ETFs and usually passive, which just means they aim to exactly track the performance of a market benchmark or index, like the Standard & Poor's in the US or the ASX200 here. Usually, they tend to focus on one asset class like Australian or global shares and are typically pretty cheap for the ETF provider to run.

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

So with that said, while on the face of it, MySuper options might have slightly higher fees, when you look through to the added benefits like that expert management and a broader range of investments and the potential for higher returns, the benefit to members can outweigh the costs. Thank you.



**Danielle:** And another fee or cost-related question: We received a question from Andy about why our expenses or expenditure is high, presumably referring to our related party payments disclosure on our member notice for the meeting. Beth, I understand you answered a similar question to this last year about related parties. So would you like to take this one?

**Beth:** Sure. Thanks, Danielle, and thanks for the question, Andy. Related party payments occur when payments are made from the super fund to a related entity of the trustee of the fund, and the related party is providing services to us. And these services are important to support the delivery of benefits to our fund members, and the payments can relate to things like investment management costs, marketing services, board fees, insurance services, financial planning, we've just heard about, and other member services.

OnePath Custodians Pty Limited is our trustee, the company Danielle and I sit on the board, and it's responsible for approximately 380,000 members. And our related party payments equate to a cost of around \$534 per member for the income year ending 30th June 2024. Thank you for that, Beth.

**Danielle:** Moving on to an investment question, Michael asks: Are there shorting options within the portfolio of investments? If so, what are they? And if not, why not? Dan.

**Dan:** Thanks, Michael, for the question. Maybe before I answer, it's probably worth reminding everyone that short selling is really just a strategy to try to profit from a dip in share price. So basically, what they do is borrow shares, sell them, and then aim to buy them back at a lower price later on, keeping the profit as the difference, which really is the profit.

So when it comes to your investment options, you can pick your own mix from the ANZ SmartChoice Super Menu. One of the options available is from Platinum Asset Management, which uses short selling in two of their global equity funds. Now, if we look at the ANZ SmartChoice Super Lifestage products, this doesn't use short selling directly. Instead, it focuses on other strategies like using put options over an index to help manage the market ups and downs and protect against losses during downturns.

**Danielle:** Great. Thank you. A question from Andrew, who wants to know more about the initiatives that are being implemented to ensure that the fund adheres to the United Nations principles for sustainable investing, and how OnePath compares to other Australian investment funds in this regard.

Beth, a topical question. Can you take this one?

**Beth:** It certainly is. Thanks, Danielle. Andrew, our investment managers' approach is closely aligned with the Principles for Responsible Investment (PRI), and this is a global initiative supported by the United Nations and encourages investors to factor in ESG considerations—so environmental, social, and governance considerations—when making decisions.

And while we're not officially signatories yet, we've been applying these principles for several years, and we expect our investment manager to sign on in the near future. We see responsible investment as essential for identifying potential risks in an investment. And by factoring these ESG considerations in, we're able to make more informed decisions that aim to deliver strong long-term returns for our members. You can find out more details about our approach on our website.

**Danielle:** Thank you. Robert has asked, "There was talk of moving the superannuation away from ANZ to a separate entity. Is that still happening?" I might take that one.

ANZ started selling its wealth business to us at Insignia Financial back in 2017, and that process was wrapped up in 2020. So this includes the products like ANZ Smart Choice Super and OneAnswer Frontier, amongst others. So essentially, it's done. All right.

**Danielle:** Another question is from Christopher, who asks, "With the anticipated property price growth in the next year in WA outpacing other states, does ANZ super consider this in investment decisions? If so, how? If not, why not?" I will declare I am a fellow West Australian.

**Dave:** Okay, I'll be gentle with my answer, Danielle. Look, thanks for the question, Christopher.

If we look at ANZ Smart Choice Super, it's invested across a really diversified range of different asset classes, including property, both here in Australia and around the world. When it comes to investing in property, we appoint high-quality specialized managers to search out really attractive investment opportunities and to build well-diversified property portfolios. So our managers that are focused on the Australian property market can invest across the whole nation, including WA. So, yes, we can invest in WA property.

**Danielle:** Great. Good to know. Thank you. We have a question here from Ah-zoo-BEE-kay, who wants to know how his superannuation is performing at any given time. How transparent is ANZ in showing how much money his super yields each year? Dan, that sounds like a question for you again.

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

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

**Danielle:** Great. Thank you. Many-va-nan says he's a current investor in our default super. If he wanted to invest in selected investments, what does he need to do, Dave?

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

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

**Danielle:** Great. Thank you. Dave, we're receiving so many questions, actually, around: "How about using superannuation to buy property?" What's been asked is, can they use part of their super to buy a house or invest in land or invest super in property? Beth, what are the rules around this?

**Beth:** Thanks, Danielle. Well, if you are a first home buyer, you may be able to take advantage of the government's First Home Super Saver Scheme. Another mouthful. It's important to note that the scheme has specific rules around which contributions you can access, and the scheme is not available if you're considering buying an investment property. So again, please call us, visit our website, or speak with your adviser to find out whether this initiative can work for you. Great. Thank you.

**Danielle:** Another group of questions around retirement. Members are asking about the age for retirement, how much super is needed for a comfortable retirement, and the latest estimate is based on life expectancy. Some members are also wondering if they will have enough super to cover the cost-of-living increases and if they are on track for retirement. These are big questions. Dave, can you shed some light, please?

**Dave:** Well, I'll do my best, but they are really important questions as well. And I'm sure they're on the minds of many of our members as they look to plan for their retirement.

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

In contrast, the age pension payment, which is subject to income and asset tests, the maximum basic rate per fortnight for a single is \$1,047 and for a couple, \$1,578, again excluding any pension or energy supplements. So what these numbers demonstrate is the government age pension by itself may not be enough in terms of your retirement expectations. And so it's

important for you to plan for retirement so that you do have enough to meet your particular needs. A good retirement plan can help you make the most of your super pension, to the extent you might qualify for other investments altogether.

Aligning to make sure that you can achieve your lifestyle goals. So don't forget to check out the great retirement planning resources we have on the ANZ Smart Choice Super website to help you navigate that complex question. Thanks, Danielle.

**Danielle:** Wonderful. Thank you. Another cluster of questions that we're getting is coming through around: "How do we make sure our members' personal information and assets are safe from identity theft and other forms of cyber threats, but primarily from a cybercrime perspective?" Beth, can you provide some insights into how we're protecting our members?

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

These measures include multi-factor authentication, encryption of data, and firewalls. We also have intrusion detection systems and cyber threat intelligence monitoring. So we monitor for malicious activity through a 24/7 security operations centre. We continue to evolve and test our security capabilities, including those administered by third parties.

We are always considering the threat of emerging issues such as the use of AI by criminals. So it's critical that our members keep their cyber presence safe as well. So thank you for that. Very thoughtful and informative.

**Danielle:** John has asked for our thoughts on the Central Bank Digital Currency and the potential impact on deposits, debts, and ownership. Dan, I understand this question has been asked a few times before. Can you shed some light on anything that's updated here?

**Dan:** Thanks, Danielle. And it is a topic that comes up in numerous meetings.

Look, maybe just some definition, Central Bank Digital Currency, or CBDC, is essentially a computerised form of money issued by a central bank. The Reserve Bank of Australia has considered the possibility of starting CBDCs, but so far, it hasn't really found a strong case to support CBDC for retail use. Thank you. One for you, Beth.

**Danielle:** We've received several questions on the OnePath class action and its impact on how we're making sure members' interests are being prioritised, including for overseas members.

**Beth:** Okay. Thank you. Look, by way of background, the ANZ and OnePath super class action was filed in 2020 on behalf of certain members of the former OnePath MasterFund and Retirement Portfolio Service. So, this class action relates to historical issues, firstly around

interest rates paid on members' investments and certain cash investment options in the period prior to January 2020, and also the payment of grandfathered commissions to financial advisers in the period prior to April 2019.

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

**Danielle:** Wonderful. Thank you. Beth, Robert is wondering if we've considered developing an app so that he can access a view of his account. Dave.

**Beth:** Well, thank you. Good question, Robert. And you're in luck. If you're an ANZ Smart Choice Super member with an ANZ bank account, you can check your super at any time using the ANZ banking app.

**Danielle:** Wonderful. Thank you. We have a question now from Peter, who has two OnePath accounts. One is a personal account and the other is his late wife's account, where he was the beneficiary. Peter would like to know why we can't consolidate those. Dave, can you help Peter?

**Dave:** Okay, so look. Thanks, Peter. Thank you for the question, and sympathy on the passing of your wife. Superannuation and tax laws set out the rules relating to the payment of super death benefits. This includes the requirement that if you become entitled to such a death benefit when someone passes away, the amount needs to be paid out of super to you as a lump sum, or if you're eligible, used to start a pension.

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

**Danielle:** Thanks, Dave. Beth, Stephanie would like to know what the relationship is between ANZ Super and Insignia Financial.

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

Now, that trustee company, OnePath Custodians, is part of the Insignia Financial group of companies, and Insignia Financial Ltd is the parent company of that group. So while ANZ helps distribute the ANZ Smart Choice super and pension products, it doesn't own them, and it doesn't manage them.

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

**Danielle:** Thank you, Beth, for that detailed answer. And next question comes from Dave, who has asked, why are we removing the insurance policies of super members? Dave, can you take this one for Dave?

**Dave:** A question from Dave to Dave. So thanks for the question. Look, in some instances, for example, where members have very low balances or may not have contributed to that account for some time, we have a legislative obligation to review and cancel their insurance, and that's to protect their account, and what may be a modest amount from being eroded by insurance premiums. So when this happens, we inform members first. We do give them the option of retaining the policy if that's what they'd like to do.

**Danielle:** Great. Thanks, Dave. Then we've received several questions from our members about when we will begin to offer cryptocurrency investment options.

**Dan:** It's always a hot topic, Danielle. Look, thanks for the question. I guess the way we're looking at it is we're keeping a close eye and an open mind about Bitcoin and other cryptocurrencies. But at the moment, we really view Bitcoin as a not now rather than a not ever style situation.

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

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

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

One of the arguments against Bitcoin is its really extreme performance swings. If we look back, just over the past decade, Bitcoin has suffered peak-to-trough falls of more than 50% on multiple occasions. Plus, in the past three years alone, it's been about four times more volatile than the US stock market itself.

So, on top of this high volatility, we're still not convinced that Bitcoin is a really good diversifier, which consistently demonstrates low correlations to other investments we have in the portfolio. Bitcoin actually does appear to move with market sentiment, particularly in periods of market exuberance.

At the end of the day, Bitcoin is speculative. And if you think about it, its value comes purely from what the next person is willing to pay for it. Unlike shares or many other investments, it doesn't produce cash flow, dividends, or anything we can use to evaluate it in any sort of traditional way.

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

**Danielle:** Thank you. A very complicated area. Thank you for that. I certainly learnt something.

I think we have time for one more question, and it relates to the recent media coverage of our parent company, Insignia Financial Limited, which I mentioned earlier. Joanne has asked for more details on the SS&C arrangement and an update on the recent takeover proposals.

I think, I can probably take this one. So, in December, Insignia Financial took an exciting step by engaging SS&C Technologies to simplify and transform our Master Trust business. This engagement will help us deliver a better and more efficient service for you. Once the agreement is finalised, Insignia plans to subcontract a range of administration and technology functions to SS&C.

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

As for the private equity interest we've been receiving, you may have seen in the media that Insignia Financial has received non-binding proposals from Bain Capital, CC Capital and also 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'll continue to update the market as required, but we won't be commenting further on this process now and now that it's underway.

All right. Thank you all for your engaged questions during the Q&A session. Your input is invaluable, and it allows us to address the questions while guiding a better understanding of what matters most to you. For details on anything we've covered today, you can explore our OnePath and ANZ Smart Choice Super websites, speak to your adviser or give us a call. And for any unanswered questions, we'll post the responses along with the recording of this meeting and the minutes of this meeting on our Annual Members' Meeting website within one month.

You'll receive a feedback survey after this meeting, and we would love to hear your thoughts on what's worked well and what we can do better for next time. As the chair of OnePath Custodians Pty Limited, I want to thank each of you for being here and for trusting us with your super. A special thank you also to Dave, Beth and Dan for their contributions this afternoon. Thank you again for joining us and for your participation.

I wish you a great evening.

**END**