

## Minutes of the Bendigo Super Annual Members' Meeting

<b>Date</b>	Tuesday, 22 February 2022
<b>Time</b>	6-7pm Australian Eastern Daylight Savings Time
<b>Location</b>	Online via live stream
<b>Presenters</b>	Paul Rohan, Executive Director Jenny Dawson, Chair Justin Hoare, Chief Executive Officer Thadeus McCrindle, Chief Investment Officer

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

<b>The meeting commenced at 6pm Australian Eastern Daylight Savings Time</b>	<b>Presenter</b>
<p><b>Introduction by MC</b></p> <ul style="list-style-type: none"> <li>Mr Rohan welcomed the audience to Bendigo Super's Annual Members' Meeting and introduced himself as MC for the evening.</li> <li>Mr Rohan acknowledged the Dja Dja Wurrung people on behalf of himself and Ms Jenny Dawson who were presenting from Bendigo, Victoria.</li> <li>Mr Rohan outlined the agenda for the evening and talked about the Q&amp;A process which will be addressed later in the evening.</li> <li>Mr Rohan noted that a representative from the fund's external auditor Ernst Young is also in attendance at the meeting.</li> <li>Mr Rohan introduced Ms Dawson, Chairman of Sandhurst Trustees to welcome the audience on behalf of the Sandhurst Board.</li> </ul>	<b>Paul Rohan</b>
<p><b>Welcome address</b></p> <ul style="list-style-type: none"> <li>Ms Dawson thanked everyone for joining the meeting and introduced the Sandhurst Board of Directors</li> <li>Ms Dawson acknowledged the role the Board and management take in being custodians of members' superannuation and retirement savings and that they are guided by the mantra of "always acting in members' best interests"</li> <li>Ms Dawson moved on to talk about the various awards and recognitions received by Bendigo SmartStart Super and Bendigo SmartStart Pension in 2021 and 2022.</li> <li>Ms Dawson spoke about how many members wanted to know how our actions and investments relate to the environmental challenges of the 21<sup>st</sup> century and Bendigo and Adelaide Bank Groups' approach to this.</li> <li>Ms Dawson noted that new legislative requirements requires that Sandhurst appoints a new trustee for the Bendigo Superannuation Plan with formal communications being sent to members soon.</li> <li>Ms Dawson concluded by thanking the staff and partners of Sandhurst Trustees for their efforts, acknowledging the challenges of navigating a disrupted work environment.</li> <li>Ms Dawson then introduced two key members of the management team, Chief Executive Officer Justin Hoare and Chief Investment Officer Thad McCrindle, and handed over to the CEO to provide a financial snapshot of the fund.</li> </ul>	<b>Jenny Dawson</b>

<p><b>Financial snapshot of the fund</b></p> <ul style="list-style-type: none"> <li>• Mr Hoare acknowledged the Kaurna people on behalf of himself and Mr McCrindle who were presenting from Adelaide, South Australia.</li> <li>• Mr Hoare continued on to highlight other significant changes introduced by the Federal Government including the increase to the Superannuation Guarantee rate from 9.5% to 10% and the concept of super 'stapling'.</li> <li>• Mr Hoare then provided a snapshot of the financial position of the fund noting as at 31 December 2021 there were 19,917 accounts with \$1.68 billion funds under administration. This had increased by 25% in the last 3 years and 73.2% in the last 5 years. He noted Sandhurst will continue to focus on growing the fund while keeping its fees low so members can maximise their retirement savings.</li> <li>• Mr Hoare spoke about our first Member Outcomes Assessment completed last year and highlighted that all of our investment options in our MySuper, Choice and Retirement products achieved net returns that were above the industry average.</li> <li>• Mr Hoare acknowledged that this was a testament to the investment team who use their expertise to actively monitor the markets and ensure our members' super is looked after in the long-term.</li> <li>• In addition to this our annual fees based on a \$50,000 MySuper account balance were 40% lower than the industry average.</li> <li>• Mr Hoare said that the Member Outcomes Assessment is currently being finalised for the 2020/21 financial year. Mr Hoare then handed over to the Chief Investment Officer to talk about the current market climate and provide an investment update.</li> </ul>	<p><b>Justin Hoare</b></p>
<p><b>Investment update</b></p> <ul style="list-style-type: none"> <li>• Mr McCrindle outlined that he will talk about market conditions in the last financial year, discuss how investment options in Bendigo Super have been performing and our approach to managing these investment options and then briefly talk about our market outlook.</li> </ul> <p><b>Market Conditions:</b></p> <ul style="list-style-type: none"> <li>• Market performance and economic conditions strong through to the end of 2021</li> <li>• Economic growth has persisted despite the lockdowns in Australia and overseas, such that the 2021 calendar year saw the strongest economic growth in 15 years.</li> <li>• This strong growth has led to the highest one-year returns for almost all our investment options in Bendigo Smart Start Super. High market returns are a real gift to us all as our super balance gets a bump up – this means more spending when we retire.</li> <li>• Strong economic conditions have also led to a rise in inflation throughout 2021. As at 31 December 2021, Australian inflation as reported by the consumer price index is running at 3.5% annual increase. This increase brings inflation back up to levels last seen in the Global Financial Crisis of 2008.</li> <li>• While all of these conditions favoured large company shares in 2021 with the ASX 200 rising 18.6% and the Global Shares rising 29.6%, they were a headwind for fixed income investments as yields rose.</li> </ul> <p><b>Performance of our investment options:</b></p> <ul style="list-style-type: none"> <li>• Mr McCrindle spoke about the Bendigo Growth Index Fund, our most popular investment option in Bendigo Super, delivered a net return of 14.5% for 2021 leaving the 10-year compound return at 10.39% p.a.</li> </ul>	<p><b>Thad McCrindle</b></p>

<ul style="list-style-type: none"> <li>Mr McCrindle then highlighted that most of our Bendigo Super Investment options performed very strongly compared to their peers, many appearing in the top 10% of their peer groups and all options exceeding broad indices.</li> </ul> <p><b>Market outlook</b></p> <ul style="list-style-type: none"> <li>Mr McCrindle moved on to talk about his market outlook, recognising where we are in the business cycle and with the COVID-19 pandemic moving towards having a smaller impact on the economy, reasonable returns are expected over the next few years from shares and other growth investments.</li> <li>Mr McCrindle said he expects a period of volatility through the coming months in 2022 with share markets finishing around or perhaps a little higher than where they started at the beginning of the current financial year.</li> <li>High inflation is pushing central banks like the Reserve Bank of Australia and the US Federal Reserve toward rate rises. This action dampens economic growth and inflation and so shares can start swinging around as their earnings are no longer improving in a straight line.</li> <li>Mr McCrindle continued on to say that interest rates would rise moderately in 2022 which will increase the return on cash and income investments. However, this may pose a problem for fixed income and would see mortgage repayments rise for consumers with variable rate mortgages.</li> <li>Mr McCrindle concluded by saying that he likes to think of the current market conditions like a kettle coming off the boil, the water is starting to cool, but it is still warm. He stated that there are opportunities out there that the team is looking to actively allocate to navigate these conditions.</li> <li>Mr McCrindle concluded by encouraging members who make their own investment choices to stick with an appropriate long-term strategy. He then handed back to the CEO to talk about future plans for the fund.</li> </ul>	
<p><b>Strategic update</b></p> <ul style="list-style-type: none"> <li>Mr Hoare began by talking about how Bendigo Superannuation Pty Ltd has recently been established with the sole purpose of being the Trustee of the Bendigo Superannuation Plan and to look after the interests of its members. The transition is expected to take place on or around 1 May 2022 and members will receive formal communications in the coming months.</li> <li>Mr Hoare confirmed there are no plans or discussions to merge with another fund. Our laser focus is on ensuring that regardless of scale we provide the right service and return to our members, at the right place.</li> <li>Mr Hoare discussed the intention by the federal government to introduce a Retirement income covenant from 1 July 2022. This will require all superannuation trustees to have a documented strategy to identify the retirement income needs of its fund members, as well as to develop a plan to service those needs of members as they are able to achieve similar outcomes at a much lower cost. He then highlighted the key aspects the strategy must consider and said the process is currently underway.</li> <li>Mr Hoare concluded the presentations for the evening and handed over to the MC to begin the Q&amp;A session.</li> </ul>	<p><b>Justin Hoare</b></p>

Q&A Session	Respondent
<p><b>1. I would like to clarify if any of my Bendigo SmartStart Super is going towards funding any fossil fuel projects, if we have a Fossil fuel exclusion policy and why we don't currently publicly disclose our investment holdings to clarify this position? This is critically important to me as a young super holder.</b></p> <p>We have a strong oversight process for the management of Bendigo Super and each of its investment options that includes climate risk amongst others.</p> <p>The Bendigo and Adelaide Bank Group, which Sandhurst is part of, has a climate action plan that includes a commitment that we will not directly lend to projects in:</p> <ul style="list-style-type: none"> <li>• Coal</li> <li>• Coal steam gas</li> <li>• Crude oil</li> <li>• Natural gas</li> <li>• Native forest logging</li> </ul> <p>Bendigo Super does not however have a policy to divest all shares and bonds that are involved in fossil fuels.</p> <p>The current exposure to fossil fuel industries across all of our investment options which are as follows:</p> <ul style="list-style-type: none"> <li>• 1.9% in the Oil &amp; Gas industry; and</li> <li>• &lt;0.1% in Coal producers</li> </ul> <p>As mentioned in our presentation, we are taking a series of steps around climate change and are strong supporters of the transition to net zero emissions by 2050.</p> <p>One of the important principals of our plan is for members to be empowered and have the ability to set their own investment strategy and choose their investment options. For members with strong environmental or social values that they would like expressed in their Bendigo Super investments, I encourage you to read more about the Bendigo Socially Responsible Growth Fund.</p> <p>This fund applies ESG processes over all share investments and some fixed income. It excludes tobacco, gambling, adult entertainment and controversial weapons. The fund has only 1/3 of the carbon intensity of the index funds, only 0.5% invested in Oil and gas and no Coal shares. The fund also has an investment in some private assets that have a positive impact on social issues including provision of health services.</p> <p>We are doing more work regarding our disclosure in this area. In the coming months we will be reporting the holdings of the Super plan and each of its options. In some instances, this may not give full visibility to all of the end securities in all cases. Our reporting is maturing, and later in</p>	<p><b>Thad McCrindle</b></p>

the year we will be releasing an ESG report on the fund and its options. Look out for this report that we hope to continue to develop further each year.

**2. Why am I losing money from my super, instead of gaining some profits?**

When we discuss returns, the point in time you are talking from has a big impact on the numbers. I have mentioned the returns for the financial year and calendar year were very high for the options that invest in shares – 11 of the 13 options. January saw some negative returns for shares and so most investment options values fell for the month.

We know that share markets generally do not move in a straight line. There are often periods of growth, followed by periods of negative return. The weakness in January has been driven by the rising inflation and the linked expectations of rising interest rates.

I encourage all our members to make sure your selected investment options suit your personal needs and risk appetite, so that you are comfortable retaining it for the long term.

Lastly, the profits of companies and income from fixed interest is passed through the investment options. Income distributions from all our investment options were paid in early January into our members' accounts. You can view these by logging into your account online.

**3. With entrances into the market such as Stake who offer greater flexibility in investment options how are Bendigo going to respond to this demand for greater flexibility whilst keeping costs low?**

I understand Stake to be a SMSF offering and I won't comment specifically on that particular product but SMSF offerings do give flexibility and put control and accountability with the member who is ultimately in some way the trustee as well.

From our perspective we're really confident in the 12 diversified investment options that we have, and more importantly our processes in place to manage and monitor those options. As trustee, we have the responsibility to monitor the investment options that we offer and ensure they are the best possible options for our members. This does reduce the ability to be able to have a very broad investment menu or enable a lot of flexibility.

Having said that we are always looking at the decisions made by members; looking at where the investments are going within our menu and also looking out for feedback through surveys that we do. We also welcome your feedback at any time. I encourage the person who posed the question to get in touch and tell us more about what they're looking for through that type of product.

But really, I think I can't emphasise the importance we place on making sure that for the investments we do offer, we are able to manage and monitor them to the extent that we really want to ensure that the right amount of oversight exists for our members.

**Thad McCrindle**

**Justin Hoare**

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<b>Conclusion</b>	<b>Presenter</b>
<ul style="list-style-type: none"> <li>• The MC thanked the respondents and concluded the meeting</li> <li>• The MC thanked everyone again for their attendance, and said he will look forward to members joining us in 12 months.</li> </ul>	<b>Paul Rohan</b>
<b>The meeting concluded at 6.36pm Australian Eastern Daylight Savings Time</b>	