

Annual Members' Meeting FY 2021-22

Minutes of Meeting

The minutes of the meeting comprise a summary of key aspects of the presentations, questions asked, and answers provided

Meeting Details	
Date	Tuesday, 7 February 2023
Time	6.00-7.15pm Australian Eastern Daylight Savings Time
Location	Online via Microsoft Teams livestream
Presenters	Maggie Chan, MC Tony Hodges, Chair Justin Hoare, Chief Executive Officer Thadeus McCrindle, Chief Investment Officer

The meeting commenced at 6.02pm Australian Eastern Daylight Savings Time

Agenda Item	Presenter
<p>Introduction by MC</p> <ul style="list-style-type: none"> Ms Chan welcomed the audience to the Bendigo Superannuation Annual Members' Meeting and introduced herself as MC for the evening. Ms Chan completed an Acknowledgement of Country respectfully encompassing the many lands on which all members were meeting on this evening. Ms Chan outlined the agenda for the evening and introduced the speakers for the evening. Ms Chan noted that our fund's external auditor Ernst & Young was in attendance and represented by partner Hayley Watson. Ms Chan addressed the Q&A process that will be addressed later in the meeting. Ms Chan then welcomed Mr Tony Hodges, Chairman of Bendigo Superannuation, to welcome the audience on behalf of the Board. 	Maggie Chan
<p>Welcome address</p> <ul style="list-style-type: none"> Mr Hodges thanked everyone for joining the meeting. Mr Hodges confirmed the completion of the change in trustee from Sandhurst Trustees Limited to Bendigo Superannuation Pty Ltd. Mr Hodges introduced Bendigo Superannuation as the new trustee and explained with the change in trustee, there is a newly established board of directors. Mr Hodges then introduced the new board of directors to the audience and explained their decision-making process. Mr Hodges acknowledged the recent economic uncertainty and market volatility, and its impact on members. Mr Hodges handed over to CEO Justin Hoare to provide an update on the financial position of the fund. 	Tony Hodges

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<p>Financial position of the fund</p> <ul style="list-style-type: none"> • Mr Hoare thanked the audience for joining and taking an interest in their super and retirement savings. • Mr Hoare confirmed the ongoing focus of the fund was maximising outcomes for members, and explained the options maintained to allow this to occur. • Mr Hoare provided a fund update with figures from the end of the financial year. These included 2,200 new members and 19,600 members overall, \$1.48 billion in funds under administration. He also noted 2,000 members had voluntary contributed to their super, and over 2,500 had received payments to enjoy their retirement. • Mr Hoare confirmed the fund's continued rating as one of Australia's lowest fee funds by SuperRatings, and the important of low fees on retirement savings outcomes. • Mr Hoare explained how, during these times of economic uncertainty and market volatility, we have seen a significant increase in member concerns regarding markets and investments, but also members using these volatile times to review their current investment strategies. • Mr Hoare discussed the Member Outcomes Assessment and advised the assessment for 2022 is currently being finalised and will be available on the website by the end of March. • Mr Hoare then reviewed two initiatives introduced by the Federal Government involving superannuation guarantee contributions. • Mr Hoare then handed over to CIO Thadeus McCrindle to provide an investment update on the fund. 	<p>Justin Hoare</p>
<p>Investment update</p> <ul style="list-style-type: none"> • Mr McCrindle explained that while investments continue to outperform return objectives over the past decade, they were lower for 2022 due to the impact of a number of significant economic events. • Mr McCrindle acknowledged this was disappointing news after the decade of high returns achieved since the launch of Bendigo SmartStart Super in 2011. • He then discussed the returns of the Bendigo Growth Index Fund over the past decade, in relation to inflation and cash, and explained all fund performance is available on the website. • Mr McCrindle covered rising inflation and interest rates, and the impact these have on costs of living and the broader ranging effects on markets and the economy. • He continued to discuss the economic uncertainty and market volatility that is being experienced, how it impacts portfolios, and how the investment team will monitor and adapt position with an ever evolving outlook. • Mr McCrindle then went on to discuss the difference between individual funds and returns, explaining that each fund has its own investment strategy and asset mix. He covered the impact of different strategies on returns, how they react in different 	<p>Thad McCrindle</p>

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<p>market conditions, and how Bendigo Super’s investment options are structured.</p>	
<p>Investment update continued</p> <ul style="list-style-type: none"> • Mr McCrindle then explained how Environmental, Social and Governance (ESG) issues are offered within the Bendigo Super investment menu. • He notes the Bendigo Socially Responsible Growth Fund has lower carbon emissions than the index by 66% and less than 0.1% invested in fossil fuels, with no exposure to Russia. • Mr McCrindle stated that 2022 helped us remember that investment options that consider ESG issues can underperform options that don’t. For that reason the investment menu includes options that incorporate varying levels of ESG consideration. • Mr McCrindle reviewed the investment approach, incorporating diversification, use of more liquid investments and addressing ESG risks. • He reminded investors that superannuation is a long-term proposition and returns really drive from exposure over the long-term and used the GFC and the start of the COVID-19 pandemic as examples. • To sum up, he notes he expects some bumps up and down in the coming months, however the overall long-term outlook continues to be positive. • Mr McCrindle handed back over to Mr Hoare at this time, to provide an industry update. 	<p>Thad McCrindle</p>
<p>Industry update</p> <ul style="list-style-type: none"> • Mr Hoare confirmed the appointment of Bendigo Superannuation as the new trustee and advised that the team managing the superannuation business has remained the same. • He also advised that Sandhurst Trustees continues to be the investment manager of the underlying managed fund investment options. • Mr Hoare explained that Bendigo Superannuation is a wholly owned subsidiary of Bendigo and Adelaide Bank. • Mr Hoare then discussed the retirement income covenant introduced by the Federal Government from 1 July 2022. • He explained the covenant and the reasons behind it. • Mr Hoare went on to explain that Bendigo Super’s Retirement Income Strategy is available on the website, and what it includes. • Mr Hoare also provided a number of ways members could access information about their super funds. • Mr Hoare then took the opportunity to review cybersecurity and what it means for members. He discussed fraud and protecting personal information, and what is done to protect members. • He notes that it is also important for members to be aware, and report anything unusual or concerning. He confirmed that contact is the best way to resolve any issues or concerns in the first instance. 	<p>Justin Hoare</p>

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<ul style="list-style-type: none">• Mr Hoare reiterated that focus remains on the best interests of members and any feedback from members is always welcome.• Mr Hoare then handed back to Ms Chan for the Q&A session.	
<p>Q&A session</p> <ul style="list-style-type: none">• Ms Chan introduced the Q&A session, explaining the first questions to be answered were those pre-submitted. Then, live questions would be answered where possible.• She advised written responses to all questions would be available on the website by 7 March 2023. <p>First Question</p> <p>I would like to know if Bendigo SmartStart Super invests in any hostile foreign regimes or treasonous green energy?</p> <p>Answered by Thad McCrindle</p> <p>We are a superannuation fund, and not a political entity, so I will not make comments about any particular views.</p> <p>I will say however, that we take all types of risk quite seriously where we believe it could harm member outcomes. As I discussed earlier all of our investment options do take into consideration the management of ESG risks, although the level of this consideration does vary between investment options.</p> <p>Every member has the ability to make an investment choice, and in choosing to do so can align their superannuation to their preferences sort of around these issues. And I talked in my prepared comments earlier about the index options with a lower consideration to some of these issues, all the way through to the Bendigo Socially Responsible Growth Fund with a much higher ESG consideration.</p> <p>In early 2022 we did a review of the portfolio and engaged with our fund managers in relation to exposure to Russia after they invaded the Ukraine. We have made no new investments in Russia since that time and the super plan's exposure is less than 0.01% of total assets to Russia. The minor exposure we have are some bonds that we as yet have been unable to sell.</p> <p>Second Question</p> <p>Noting the response to a query at last year's Annual Members' Meeting regarding the fund's investments in oil (or fossil fuels), can you assure members that decisions regarding fund investments are primarily based on expected financial performance rather than social and political opinion?</p> <p>Answered by Thad McCrindle</p> <p>We do offer a range of investment options for members to choose from. And as I said earlier, the Bendigo Socially Responsible Growth Fund does alter its investments as per its Product Disclosure Statement (PDS) to ensure the portfolio achieves outcomes that align with the relatable ESG issues.</p>	<p>Maggie Chan, Thad McCrindle</p>

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Our wholesale funds and our Sandhurst Strategic Income Fund consider the risks that poor ESG practices present to future returns. So the focus there is the impact on returns, rather than social or political opinion.

The asset manager of our index funds engages with the management and board of companies they invest in an effort to see them better manage their ESG risks and improve their disclosure. And our MySuper and Pension default members are invested using the index approach I have just mentioned.

So I think I would summarise that all of our investment options are managed to maximise returns within the parameters disclosed in the respective PDS. And in all options on the menu there is some process to consider at least the financial risks related to ESG issues. Obviously as well as trying to generate maximum returns.

Q&A session

Third Question

Given the abysmal returns this year what is being done to rectify this? I would be better investing my money in cash; the return would be a great improvement on what I currently receive. All your "options" have worse returns. Finally are you one of the worst performing super funds?

Answered by Thad McCrindle

I think that the place to start here is that obviously as I said in my prepared comments its disappointing to have negative returns. And this year gone, and I am talking about the calendar year just finished, would be the worst for about 14 or 15 years. The returns were much stronger in 2022 than in the GFC for the options that were open then and the equivalent options at the time. I think the thing to remember when you are investing some of your money in shares, which all bar one of the investment options do, excluding cash, is that you are going to get positive and negative returns, and negative returns are part of the journey. I think it's really important to remember that your money in cash over the long term for most people is probably not a good investment strategy. It will typically lead to very low returns. I mentioned earlier the 10-year return for our Growth Index Fund option, over 10 years, 7.7% per annum, and an increase in the buying power, the real returns, of just over 5.5% per annum, is a good return to help you accumulate for retirement.

So investing with share exposure (which most super funds have), does have ups and down years, and unfortunately we've had a down year, but one of the other things I think it is important to remember is that after the down years, five or more years later, typically they are well and truly forgotten after we see some really good years. And I think lastly I'll just make the point that we had one of our best years on record, in most of our investment options in 2021, and so with almost 20% returns that year with in the Growth Index Fund, just picking on the most popular investment option, you know, sometimes

**Maggie Chan,
Thad McCrindle**

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<p>low returns follow high returns follow low returns follow high returns. But over the long term, there is a good return available.</p> <p>Sorry, the last part of your question was 'are we one of the worst performing super funds' and I think the answer there is no. Certainly there are some super funds that have outperformed our funds. We always take our performance very seriously, and I tried to explain earlier in the prepared comments that the investment strategy you take does influence your returns. I expect that our approach with high liquidity probably has better return prospects in the near term, in the next 1 to 2 years, than many funds that use a lot of illiquidity.</p>	
<p>Q&A session</p> <p>Fourth Question – Submitted towards the end of the meeting Is the fund contemplating a merger with another super fund? If yes, can you share any information about the other fund(s)?</p> <p>Written response provided – refer to full Q&A document available on bendigobank.com.au/bendigosuperamm</p>	<p>Maggie Chan, Thad McCrindle</p>
<p>Thank you and close</p> <ul style="list-style-type: none">• Maggie thanked the audience for joining this year's meeting before the event concluded.	<p>Maggie Chan</p>
<p>The meeting concluded at 6.39pm Australian Eastern Daylight Savings Time.</p>	

The presentation relates to financial year ending 30 June 2022. Investment returns are not guaranteed and past performance is not a reliable indicator of future returns. The presentation and the minutes may include general financial advice. It doesn't take into account your personal objectives, financial situation and needs. Please consider your situation and read the relevant PDS available from bendigobank.com.au before making an investment decision. To see target market determinations please refer to bendigobank.com.au/TMD.