

# ACTIVE SUPER 2024 ANNUAL MEMBERS' MEETING MINUTES

Held at Lyceum room, Wesley Centre, 220 Pitt St, Sydney NSW 2000 and by webinar on Tuesday,  
26 November 2024 between 5.00pm – 6.30pm

**Presenters:** Kyle Loades, Chair and Independent Director  
Donna Heffernan, Acting Chief Executive Officer & Company Secretary  
Craig Turnbull, Chief Investment Officer  
Andrew Gledhill, Chief of Product and Retirement Solutions  
Lisa Judge, Head of Advice

**Present:** Claudia Bels, Independent Director  
Craig Peate, Deputy Chair and Member Nominated Director  
Darriea Turley, Employer Nominated Director  
Declan Clausen, Employer Nominated Director  
Greg McLean, Member Nominated Director  
Sandi Orleow, Independent Director  
Donna Heffernan, Acting Chief Executive Officer & Company Secretary  
Craig Turnbull, Chief Investment Officer  
Andrew Gledhill, Chief of Products and Retirement Solutions  
Peter Gilmore, Chief Financial & Commercial Officer  
Bart Kula, Chief Risk Officer  
Natalie Kalouche, Acting Chief Governance Officer  
Mark Spring, Merger Transition – Executive Sponsor  
Michelle Hopwood, Marketing Consultant  
Rita Da Silva, Ernst & Young (External Auditor)  
Richard Boyfield, Mercer Consulting (Fund Actuary)

**Apologies:** Gordon Brock, Member Nominated Director

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The meeting commenced at 5.00pm Australian Eastern Daylight Time.

## **1. Welcome**

Ms Lisa Judge, Head of Advice, noted that it had been a big year and welcomed members and other attendees to the Active Super 2024 Annual Members' Meeting and made an acknowledgement of Country.

Ms Judge spoke to the following matters:

- noted that the annual members' meeting will provide an opportunity for members to hear from the Active Super Board and Executive Team and to ask questions;
- noted the agenda and format of the meeting;
- noted the attendees of the meeting;
- noted the process for asking questions;
- noted that the presentations contained financial information and performance results to 30 June 2024 and that financial information relating to the 2024 financial year could be found in the latest annual report available on the Active Super website; and
- highlighted that the presentations will contain general information only and that financial advice relating to a members' specific circumstances will not be able to be provided.

Ms Judge introduced the Chair of the Board, Mr Kyle Loades.

## **2. Chair Address**

The Chair spoke to the following matters:

- the Chair thanked the members for their interest in taking part in the Annual Member Meeting and their support over the years;
- noted that the fund was about to enter its 28<sup>th</sup> year and highlighted its fantastic history;
- noted that apart from members long term financial interest, the fund's local government heritage continued to be a key strength and focus;
- acknowledged his fellow Directors and noted they are effective, both, as individuals and as a group;
- noted the cessation of Karen McKeown and Nathan Hagarty as Directors and thanked them for their contribution to the Board over the years. He also noted the appointment of Darriea Turley to the Board highlighting her background, strength and knowledge;
- acknowledged the Federal Court proceedings on alleged greenwashing commenced by ASIC in August 2023, for which a decision on liability was made in June 2024 and there was no set date for the final decision. Out of respect for the legal process, nothing further could be said;
- noted that the merger between Active Super (AS) and Vision Super (VS) was on track for 1 March 2025. Stephen Rowe, VS CEO was appointed as CEO of the merged fund and Donna Heffernan, AS ACEO and the team were working hard to take the merger through to its final phase;
- noted the scale benefits from the merger would allow immediate benefits (e.g. lower fees for all members, lower insurance fees for the majority of members) as well as greater strength to look after Member Best Financial Interest from 1 March 2025 into the future;
- thanked Active Super – executive, staff, the CEO and the Board for all their efforts through the year and for the merger;
- acknowledged the shareholders engagement and the focus on achieving the best possible outcome for its members; and
- thanked the members for their strength and support throughout the merger process.

The Chair introduced the Acting Chief Executive Officer (ACEO), Ms. Donna Heffernan.

### 3. Acting Chief Executive Officer (ACEO) Address

The ACEO spoke to the following matters:

- her appreciation for the opportunity to present to members, noting that she has been with the fund for 14 years and is honoured to lead the fund in getting the best possible outcome for members;
- thanked the Board for their support and leadership over the very busy and productive year;
- noted that the Funds Under Management (FUM) has grown from last year to top the \$15b mark;
- acknowledged that strong long-term investment performance was the Fund's key focus and that after a challenging year, Active Super produced a strong set of returns for the 2024 financial year;
- noted the Fund once again passing APRA's MySuper Test, as well as achieving a SuperRatings Platinum rating for the Account-Based Pension Plan and gold ratings for the Accumulation Scheme for both Choice and MySuper Lifestage products;
- noted the other accolades received by the fund, including a five star quality rating by the independent advisors 'The Herron partnership; the Rainmakers AAA quality for Accumulation Scheme and Account Based Pension Plan; a 6 star green star performance from the Green Building Council of Australia and the Well Health Safety Rating for the internally-managed Active Super Property portfolio ;
- noted that the focus has been on achieving excellence in customer service, driving down fees and costs, helping members maximise super in their working years, stepping up the support to members in retirement, as well as entering the final phase of a very long merger process; and
- acknowledged the staff as an outstanding team, introduced the talented executive leadership team and thanked them for their continuing support, energy and commitment to get the best possible member outcomes.

The ACEO introduced the Chief of Products and Retirement Solutions (CPRS), Mr. Andrew Gledhill.

### 4. Member Focus

The CPRS spoke to the following matters:

- appreciated the opportunity in leading the member facing teams and noted the offices in various locations throughout the State that not only helps service members better but is a differentiating factor between AS and other super funds;
- expressed pride with the contact centre's responsiveness, highlighting that over 52,000 calls were answered within 28 seconds while 4,800 online chats, 13,000 emails and 272 letters were received;
- highlighted the function and location for each of the different member facing teams, noting they are all employees of the fund and appreciated their service. Highlighted key staff changes;
- noted the inclusion of the "in-retirement seminars" by Client Relationship Managers (CRMs) the uptake for which had been tremendous;
- noted that on an average, the CRMs have 200-300 face-to-face interactions per month with members throughout the state;
- expressed pride in the fact that members can access financial advice from financial planners that work for their fund and are based throughout the State;
- addressed the merger and highlighted the different ways that merger updates can be accessed;
- noted that all efforts are being made to ensure a smooth transition through the merger; and
- noted the importance of updating passwords to keep member accounts secure and member data safe.

The CPRS introduced the Chief Investment Officer (CIO), Mr Craig Turnbull.

## 5. Investment Update

The CIO spoke to the following matters:

- presented performance charts for three different periods (1, 5 & 10 year), highlighting that it had been a good year for returns with performance similar across the Accumulation, ABP and Retirement Schemes attributed to strong returns from Equities;
- noted that high risk products have higher returns, but there may be exceptions if the share market is falling. Noted that there is also higher return for cash investors;
- noted that there is hope that Reserve Bank of Australia will cut rates next year as inflation subsides;
- highlighted that most options, except Conservative, have surpassed their objective. Conservative struggled to beat the benchmark owing to low interest rates and high inflation, but a turnaround was expected soon;
- noted that performance is under the benchmark in International Shares and Private Equity and ahead of the benchmark in Australian Shares, Listed Property, Private Credit, Infrastructure, Bonds and Cash;
- noted that except for Direct Property, all investments are made by professional managers with the support of the Active super team;
- presented a case study of Macquarie Asset Management, which had been successful in outperforming the benchmark while providing the fund with a much lower institutional fee rate and enabling the fund to invest in securities that benefit from the inflation;
- presented a case study of Bain Capital, which had bought Virgin Australia and improved the valuation to more than three times and sold 25% stake to another airline. In terms of Bugaboo and Varsity Brands, Bain is using their knowledge to grow the companies by using efficiency, distribution and technology. Individuals don't normally get access to such investments; and
- noted that high interest rates due to inflation have caused weak economic growth. Immigration and government spending is keeping the economy going. Interest rates falling overseas gives hope of another good year for returns.

The CIO handed back to Ms. Judge for the Q&A.

## 6. Question and answer session

Ms. Judge welcomed the presenters back to the stage and opened the question-and-answer session by:

- inviting members to ask questions to the attendees, noting that questions relating to a personal situation should be reported to the member care team; and
- noting the process of asking questions.

Ms. Judge started the session with some recently asked questions.

### **Why did the executive/board elect not to acknowledge immediately the ASIC court decision?**

*Chair*

At our Annual Member Meeting in March 2024, we informed members that the Federal Court proceeding was on foot and that there would be a process ahead. In June 2024, the Court made a decision on liability, and we immediately updated our statement on the Active Super website. We also included a statement in our most recent Annual Report.

## **Will the Newcastle Office continue to operate after the merger?**

*Chief of Product and Retirement Solutions*

Yes, it will. And I'm pleased to also say that all our regional offices will continue to operate after the merger – in Ballina, Tamworth, Newcastle, Parramatta, Wollongong, Orange and Wagga Wagga. Some of our offices are quite small, but in our offices in Newcastle and Wollongong we have representatives from the financial planning team, the client relationship management team and call centre team as well as financial planning assistants. There's quite a presence and I would encourage you to go along and meet the people in those offices.

## **Does Active Super have a record sheet that lists the amounts employers have contributed for past historical years?**

*Chief of Product and Retirement Solutions*

Yes, we maintain records of all contributions received by our employers both across our Accumulation Scheme and our older Defined Benefit superannuation schemes.

## **When you said the performance is above benchmark, what is the benchmark?**

*Chief Investment Officer*

The slide which showed the performance of different asset classes compared to benchmarks, referred to benchmarks that are set by the Board and are commonly used by most super funds. For Australian Shares for example, the benchmark would be the S&P ASX 200. We use standard benchmarks that represent the entire population of investments in that asset class.

## **When compared to other super funds, like Australian Super, how did Active Super perform?**

*Chief Investment Officer*

The ATO has a website called YourSuper comparison tool. It displays a table of MySuper products ranked by net returns. It is updated quarterly and has 57 super products listed.

The Active Super Lifestage Product is on the top of the list of MySuper products for the 2024 financial year. This is due to the 8.19% per year return over ten years earned by our members up to age 49, who are in the Accelerator Lifestage. This return is higher than for any other MySuper product. Of course, past performance is not a reliable indicator of future performance and should not be the sole factor in assessing a fund's performance.

For member choice options we can use performance surveys, such as the Super Ratings survey. Products are grouped according to their allocation to Growth assets. Over ten years to the September 2024, the Active options ranked:

- High Growth – 2nd quartile
- Balanced – 2nd quartile
- Conservative Balanced – 4th quartile
- Conservative – 3rd quartile
- Managed Cash – 2nd quartile

**Will these annual member meeting sessions continue after the merger?**

*Chair*

Yes. Active Super and Vision Super currently hold these meetings on an annual basis. It's a statutory requirement, but the real benefit is to answer questions and be close to you, our members, and celebrate the previous 12 months and your many years of support for Active Super.

**Given AS's fees are amongst the highest amongst all super funds, are these expected to be much lower with Vision?**

*Chair*

Yes, we'll be writing to you very soon to explain that Active Super members will enjoy immediate benefits following the merger regarding administration fees.

Importantly, there will also be a cap of fees, which we currently don't have.

As we do a better job of making more wealth for you, without a cap currently, your fees go up relative to the money you have in your account. But from 1 March there will be a cap creating a ceiling on what you pay, which will be a great benefit for members.

**The Client Relationship Manager at Wagga Wagga recently retired (he was very good by the way!)  
When will you announce the new person in that role?**

*Chief of Product and Retirement Solutions*

Yes, Bill Halliwell was great, and he will be hard to replace. Having said that, we are currently advertising to recruit a replacement for Bill, and we will announce his replacement in due course.

**Do you allocate to any Bitcoin ETFs? If not, why not?**

*Chief Investment Officer*

No, we do not currently invest in Bitcoin because we don't understand it well enough and haven't done sufficient analysis to have the confidence to invest in this asset class.

**How can Active Super protect our exposure to the global uncertainties, wars and political changes in the US?**

*Chief Investment Officer*

We build balanced portfolios that are not too 'risky' – or piled into too much common risk. It gets more difficult with the High Growth option. It has a large allocation in share markets – the Australian share market, international share market, and share markets in general.

Fortunately share markets have done very well and that's why the fund has been able to deliver great returns. But markets go up and down, so we try to build a balanced portfolio that can withstand these

fluctuations. Then, if shares are going down, we might have other investments that are going up to ease the pain. So, our approach is more about portfolio construction.

We don't try to anticipate when the markets are going up or down to a minute extent. We're not trying to change the portfolio every day. It's about implementing a long-term strategy that we think can withstand the vagaries of the market and can deliver a good long-term return.

### **Will the fund name change after the merger?**

Chair

There are three options: Active Super, Vision Super or a new name altogether. But this will be a decision for the new Board to consider following the merger.

### **Who is the Client Relationship Manager for Orange?**

*Chief of Product and Retirement Solutions*

Peter Judge is the CRM for Orange. Peter is one of our most experienced CRMs and he's been with the Fund since it started. As we mentioned in the presentation, there's been some movement in the CRM team over the last year. We've appointed Michael Harris to look after the North Coast region and we've lost Bill Halliwell in Wagga Wagga, so we've shifted some people around while we recruit and reassess requirements.

In the meantime, Peter is looking after Orange but we're reviewing our service model across the state and how we can make it work for our members and for our employees.

### **Additional questions received during the meeting that were unable to be answered at the meeting.**

**On Page 2 of the Financial Statements it says: "On 7 August 2024, the KMP roles of Chief Member Experience and Growth Officer and Head of Human Resources were determined to be no longer required." However, on page 5 of the Financial Statements both have one-off retention benefits accruals of \$32,308. Why were retention benefits accrued for outplaced executives?**

Under the terms of the company-wide retention arrangement, permanent staff leaving before the Successor Fund Transfer date as a result of restructuring are still eligible for payment of the retention payment.

**On page 9 the Statement of Changes in Member Benefits shows transfers from other superannuation plans into the fund was \$250,460,000. How much were the transfers out of the fund to other superannuation plans? I am unable to discern the amount as it is consolidated in the "Benefits paid to members/beneficiaries" figure. "**

The amount transferred to other super funds for the same period was \$487,000,000. This forms part of the figure reported for 'Benefits paid to members/beneficiaries'.

### **Did you allocate to Micro strategy? If not, why not?**

*Chief Investment Officer*

We assume you mean micro-cap shares, the answer is no. Returns can be good, but fees are very expensive. We do have small cap share strategies, which have been very good for us.

**How did you miss Nvidia? Are you across all the tech AI is bringing to the market and the impacts of those changes?**

*Chief Investment Officer*

It is not that we didn't have any Nvidia, but it is true that we did not have as much as some other funds. We have made changes to our manager list earlier this year to include managers who are more across opportunities in tech like Nvidia.

**Do you have plans to study and understand Bitcoin as it is now a fully established financial asset. Pension funds in the US are allocating to this asset class?**

*Chief investment Officer*

We recognise that some institutions are investing in Bitcoin. At this point, it is not an authorised investment for Active Super.

**There has been significant discussion in the media about the protracted time it is taking funds to pay death benefits to the families of members at a time of great personal distress. What is Active Super's median average duration to pay death benefits?**

The time to pay a death benefit varies depending on the claim, as each may raise different factors and requirements that the Trustee needs to address, and which may add time and complexity to the process.

For example:

1. It could be several weeks before the Trustee is advised of the member's passing as families grieve their loss and superannuation may not be front of mind.
2. The date the Trustee is first notified of the member's passing. We will send forms out to the nominees within 5 business days of being advised of their passing, but the time it takes for the forms to come back to us can vary.
3. The date we receive the first claim document/s. We're reliant on how quickly the claimant/s can get the required paperwork together to allow the Trustee to confirm their eligibility to receive a super benefit. \*
4. The number of eligible claimants. The more eligible beneficiaries there are, the more evidence we will require and the more complex the assessment. This is especially true with competing claims.
5. If the member had Death Cover, a claim will be lodged with the insurer.
6. The date the Trustee receives the information required to pay the benefit.

The above process may be repeated several times in some cases if information arrives piece by piece. However, our administrator is required to pay most claims to the beneficiary/beneficiaries within 5 business days once all the claim requirements have been received.

\*All nominees are required to satisfy the trustee that they are eligible to receive a super benefit as a Dependant, as defined in superannuation law. For some claimants, such as legal spouses and biological children, this will be straightforward as the evidence of these relationships (marriage certificates, birth certificates etc) are often readily available. However, for other potential Dependents



(such as de facto spouses and interdependents) the process of ascertaining eligibility could be a lengthier process, depending on the quality of evidence available from the claimant and/or how quickly the Trustee can be provided with it. Again, while the Trustee will endeavour to facilitate this process, much of it is outside of our control. The variables involved in the above process mean that each claim is assessed on a case-by-case basis, depending on what the nominated beneficiary provides the Trustee.

**Since the Accumulation Scheme is a close Scheme, with a maximum of 9%-member contribution, how are the Government rate increases i.e. 11%, etc, given to members?**

We assume you mean the Retirement Scheme. Members of the Retirement Scheme are required to contribute between 1% and 9% of their Superable Salary. These contributions are forwarded to Active Super where they are credited to the Contributor Financed Benefit of a member's account. Generally, the employer will make regular, defined contributions to the Scheme on a member's behalf, for the duration of their contributory membership. These contributions will fund the payment of the Employer Financed Benefit and defined Basic Benefit.

Since 1 July 1992, the Commonwealth Government's Superannuation Guarantee (SG) legislation has required employers to finance a minimum level of superannuation for the majority of employees. Although the Retirement Scheme does not require the employer to remit Superannuation Guarantee (SG) contributions, the SG legislation still applies to the Scheme. This means that Employer Financed Benefits within the Retirement Scheme are increased where necessary to meet these requirements. Essentially the value of those benefits must equal the amount that would have accrued had the employer paid Superannuation Guarantee contributions into an accumulation scheme. In instances where this does not occur, an amount referred to as the 'Shortfall' is applied and if a member is entitled to this it will show on their benefit Statement.

More information on how the Retirement Scheme works can be found in the Product Disclosure Statement (PDS) at the link below:

<https://www.activesuper.com.au/product-disclosure-statement/retirement-scheme/retirement-scheme-pds/>

**In relation to the Federal Court case how much was spent on legal fees defending this action?**

As the court proceeding is still ongoing, legal costs have not been finalised and it would be premature to answer this question.

**Given the proposed merger of both Active Super and Vision Super - for those members who have super funds with both funds (like myself) does this mean superannuation in the 2 funds will be amalgamated into one fund with one admin fee?**

There may be circumstances where an individual may choose to maintain multiple superannuation accounts. However, the consolidation of multiple superannuation can be an important step in maximising your superannuation balance.

If you currently have accounts with Active Super and Vision Super, both accounts will continue from 1 March 2025. Your accounts may be combined (depending on the types of accounts) on or after 1 March 2025, you will be contacted with further details if this occurs.

**Important note: Questions involving particular member accounts or personal information are not able to be answered in the Annual Member Meeting Minutes. Active Super will contact these members directly to address these questions.**