ANNUAL MEMBERS MEETING – 28 FEBRUARY 2023
MINUTES OF ANNUAL MEMBERS MEETING

RETIREMENT WRAP

Location:	Virtually via https://www.bt.com.au/personal/superannuation/support/annual-members-meeting.html	
Date:	Tuesday, 28 February 2023	
Time:	5.30 pm	
Directors:	Gai McGrath	Chair & Independent Non-Executive Director
	Anne Anderson	Independent Non-Executive Director
	Anne Clarke*	Independent Non-Executive Director
	Robin Burns*	Independent Non-Executive Director & Chair of the Board Investment Committee
	Doug Carmichael*	Independent Non-Executive Director & Chair of the Board Risk Committee
	Michael Cottier*	Independent Non-Executive Director & Chair of the Board Audit Committee
Executive Officers:	Matthew Rady	Chief Executive Officer, BT Financial Group
	Emma Chand	Head of Product, Superannuation, BT
	Corrin Collocott	Chief Investment Officer, BT
	Craig Cummins*	Auditor, PwC Partner
	Andrew Doyle*	Chief Financial Officer, BT
	Caroline Guillot*	Head of Risk Superannuation, Platforms and Investments
	Tamryn Herridge*	Head of Operations Risk and Governance
	David Lewis*	Actuary, PFS Consulting
	Darren Ross*	Auditor, PwC Partner
	Kathy Vincent	Chief Customer Services Officer, BT
	Andrew Wallace	Managing Director, Personal and Corporate Superannuation, BT
	James Kerr	Head of Asset Allocation
	Kathryn Cosentino	Head of Platforms Product Management, BT
	Luke Carroll*	Actuary, Willis Towers Watson
	Nadine Wilmot	Head of the Office of the Trustee, BT
	Lisa Gavin*	Head of Tax and Accounting Services, BT
	Jason Yetton*	Chief Executive, Specialist Businesses
	Georgina Croft*	Chief Customer Services Officer, BT
	Lucy Masters*	Chief Risk Officer, BT
	James Grant*	Chief Financial Officer, Specialist Businesses
	Rachael Dickinson*	Head of Marketing, BT
Members:		246 members participating online via https://www.bt.com.au/personal/superannuation/support/annual-members-meeting.html

**via teleconference*

AGENDA ITEM 1: INTRODUCTION

Matthew Rady, Chief Executive Officer, was the host of the Annual Members Meeting (**AMM**) for the Retirement Wrap fund (**Fund**).

The meeting commenced with Mr Rady welcoming all attendees present at the meeting, acknowledging the traditional owners of the land on which the meeting was held and introducing the speakers and the guests.

Mr Rady outlined the procedures on how members could participate in the meeting and importantly noted that any questions relating to specific individual customer circumstances would not be answered at the meeting but would be referred to the Customer Relations Team.

Mr Rady also reminded members that nothing said in the meeting should be considered financial advice and that if members were considering taking any action after the meeting, that they should make sure that it's right for them based on their personal situation. Mr Rady added that their financial advisor is typically the best point of initial contact for any questions about Super, investments and any advice on Super strategy.

Mr Rady added that BT Funds Management offers a range of superannuation products with different features and characteristics, noting that some of the upcoming discussion will be relevant to everyone and some will only be relevant for members of a particular product. If this is the case, it will be called out beforehand.

Mr Rady then introduced the Chair of the Trustee Board, Gai McGrath who addressed the members.

AGENDA ITEM 2: CHAIR ADDRESS BY GAI MCGRATH

The Chair thanked Mr Rady and welcomed the members attending.

The Chair outlined the matters that would be covered in her address and then introduced the Board members of the Trustee.

The Chair noted that the Trustee Board is ultimately responsible for the sound and prudent management of the superannuation products issued under Retirement Wrap, comprising of BT Super, BT Super for Life, BT Super Invest, BT Panorama Super and BT Protection plans.

The Chair spoke to the following matters in her address:

- **Investments and Performance:** the higher than usual volatility in investment markets caused by various global issues and the much lower one-year investment returns experienced by members in contrast to the high one-year returns many experienced in the previous year.
- **2022 Annual Performance Assessment Result:**
    - this update applied only to those members with Super invested in the default, MySuper Life Stage investment options for BT Super and BT Super for Life.
    - the assessment looks back at investment performance over an eight-year period and applies different benchmarks and weightings to the different assets Super is invested in. It also assesses the administration fees, costs and taxes charged to members based on the last financial year.
    - despite a large-scale simplification program, which helped deliver two fee reductions to the majority of members, BT's MySuper Life Stage investment options failed the annual performance assessment in 2022.
    - the Trustee Board has taken these failures extremely seriously.

      <u>Successor Fund Transfer:</u>

        - following the first Annual Performance Assessment failure in 2021, the Board and the fund's executive team decided that the best option was to merge BT Super and BT Super for Life, including the Westpac Group plan with an external fund to ensure the combined funds had the necessary scale to deliver improved outcomes to members.
        - after an extensive review and assessment of the Australian superannuation market to identify potential partners, in May 2022 the Trustee announced the intended transfer of members in BT Super and BT Super for Life to Mercer Super Trust.
        - the Trustee Board needed to ensure that the combined fund would provide members with at least equivalent rights to those they had with BT Super and BT Super for Life and that the successor fund transfer was in the best financial interest of those members.

      <u>Mercer Super:</u>

        - Mercer Super have more than 40 years' experience as a retirement and investment specialist in Australia and a commitment to delivering strong retirement outcomes and supporting members into the future.
        - Mercer Super's default investment option, Mercer SmartPath has achieved returns above the default options median spanning three, five and seven years for the majority of members.
        - the vast majority of members will enjoy a fee reduction and generally, if members have insurance cover, the amount and cost of any insurance cover held will not change as a result of the transfer.
        - members will have access to an expanded choice menu for those who want to take control of choosing their own investments and an Australian based customer service team.

- **BT Panorama Super, BT Super Invest and BT Protection plans:**
    - the improved stability of the platform to minimise any unplanned outages.
    - the investment in significant technology developments to improve the functionality of the platform.
    - $291 million in insurance claims paid out to help members and their families in times of need and payments of $22.5 million made to BT Super members in BT Super and BT Super for Life who have suffered financial hardship.

Mr Rady then introduced James Kerr, Head of Asset Allocation and attending on behalf of the Chief Investment Officer, to provide his economic update to members.

AGENDA ITEM 3: ADDRESS BY JAMES KERR, HEAD OF ASSET ALLOCATION

Mr Kerr provided an economic update and focussed on the following matters in his remarks to members, whilst noting that members should speak to their financial advisors, if they have one, regarding investment perspectives:

- **2022 Economic Overview**
    - the continued disruption caused by COVID-19 through FY22 as China and some European countries reimposed and tightened restrictions to curb the spread of the Delta variant.
    - the invasion of Ukraine by Russia adding to the already accelerating inflationary pressures as energy and food costs soared.
    - consumer demand globally remaining resilient, supported by the low interest rate environment, which further fuelled inflationary trends across most of the developed and emerging market economies, resulting in one of the sharpest and largest increases in interest rates experienced over the past 40 years.
    - the acceleration of inflation locally with the RBA shifting its interest rate stance and raising interest rates nine consecutive times, taking the cash rate to 3.35% earlier this month, the highest level since November 2012.
- **2022 Investment Returns**
    - investment returns were negative across a broad range of assets globally for the last financial year, with bond and share investments generating negative returns, reflecting a shift in central bank policies to tighten financial conditions.
    - most commodity markets experienced significant gains over this period, particularly across global energy markets, accelerated by Russia's invasion of Ukraine.
    - unlisted investments such as certain types of property and infrastructure assets also outperformed strongly over the period, in stark contrast to their equivalent listed property assets.
    - the importance of considering the experience of the past two years in the context of the longer term, noting that despite the large positive-to-negative swings between the one-year periods, returns over the past 10 years have remained relatively stable at just over 9% per annum for Australian shares and above 11% per annum for international shares.
    - the performance of the BT Super and BT Super for Life MySuper investment options
        - both growth and defensive assets have delivered differing degrees of negative returns over the last financial year.
        - all members in the life stage investment options received negative returns for this period. However, for periods two years out to 10 years, all life stage investment options have delivered positive returns.
- **ESG and Sustainable Investing**
    - Over the 2022 financial year, BT continued to work closely with investment managers to positively influence corporate behaviour with respect to ESG, directing votes on 105 ESG-related contentious resolutions and along with its investment managers, voted on over 24,500 proposals across around 1950 meetings.
- **2023 Market Outlook**
    - higher interest rates have started to impact on the Australian economy with many of the leading indicators of economic activity showing signs of softening.

- the large swings in returns experienced from month to month for members as global central banks continue to raise interest rates in an effort to bring down inflation.
- the six key investment themes for this coming year that will influence the outcome for investment returns. In particular, the current persistence of high inflation and how central banks will react to this.
- political risks remaining a key focus given the ongoing war between Russia and Ukraine.
- despite the risks of a potential recession towards the end of the year, the Advance Investment Team believe that the end of this interest rate hiking cycle is nearing, with the Reserve Bank of Australia targeting a moderate slowdown in the domestic economy.
- the importance of making sure your super investments remain diversified. This is particularly important because investors often shy away from investing in shares and other growth assets when they see their investments fall, meaning they miss out on the subsequent market recovery.
- for younger members it's important to maintain exposure to growth assets as history has illustrated the importance of staying invested in the market and to remain diversified with a long-term view.

Mr Kerr handed back to Mr Rady for his business update.

AGENDA ITEM 5: MATTHEW RADY, CHIEF EXECUTIVE OFFICER, BUSINESS UPDATE

Mr Rady provided the Business update and focussed on the following matters in his remarks to members:

- **Changes to Superannuation regulations:**
  - the retirement income covenant introduced by the government requiring all super funds to develop a retirement income strategy for their members; and
  - the change to the eligibility age of the downsizer scheme.
- **SFT to Mercer Super**
  - the importance for members transferring to Mercer to read the recent letter from BT. This letter includes details regarding how member super will be invested, super fees, insurance cover and additional considerations in preparation for the transfer.
  - there will be a period from around 17 March 2023 to 1 May 2023 where some transactions aren't available and members intending to make a contribution or a withdrawal from their account should do so before the 17 March deadline.
  - there may also be changes to the timing of pension payments for some members.
  - the contact details if members have an urgent transaction or need to make a hardship claim during the period.
- **Initiatives to improve products and member experience**
  - the continued development of BT's virtual assistant Blue. Blue is available 24/7 and can provide step-by-step guidance for completing common tasks on super account like changing investments, making contributions, and updating contact details. Blue has had over 350,000 conversations with members and advisors over the 2021 and 2022 financial year.
  - BT Panorama won best mobile platform and best client portal by industry research house Investment Trends in December 2022 for the fifth consecutive year.
  - BT introduced a new service request tracker technology for BT Panorama members. Members can also now update contact details online within their Panorama account.
  - the expanded insurance offering, introducing competitive insurance options from TAL and AIA.
- **SFT to Asgard Independence Plan Division 2**
  - this applies to members who have a BT Super Invest and BT Panorama Super account, or a BT Protection plan held inside their super.
  - this SFT is a transfer of members' benefits from one super fund to another, where members have equivalent rights in respect of their benefits, and it will take place on or around 1 April 2023.

  - this SFT consolidates BT's two remaining super funds which in turn enables BT to operate a more efficient business and enhances outcomes delivered for members.

- **The potential sale of the platform business:** the sale remains an ongoing process, but Westpac continues to invest in and improve the service experience of members and their advisors with the aim of helping more people achieve their financial goals.

This concluded Mr Rady's business update.

Mr Rady then commenced the live question and answer portion of the meeting.

AGENDA ITEM 6: MEMBERS QUESTION AND ANSWER DISCUSSION

Mr Rady then opened the question and answer portion of the agenda. Mr Rady noted that the Gai McGrath, James Kerr, Andrew Wallace, Managing Director, Personal and Corporate Superannuation, Kathy Vincent, Chief Strategy and Product Officer, the auditors and actuaries and Mr Rady were all available to respond to questions.

Mr Rady commenced with the pre-submitted questions first, followed by questions received during the course of the meeting by members.

The transcript of the question and answer section of the agenda is attached to these minutes as Annexure A. Annexure B provides written responses to the questions that were not addressed at the AMM for the Fund.

AGENDA ITEM 7: MEETING CLOSE

Mr Rady thanked the members for participating in the meeting and noted that members would receive a follow up email seeking feedback on the event.

Mr Rady further noted that a recording of the meeting, the meeting minutes, and all the questions and answers will be available on the Fund's website at bt.com.au, at the end of the month.

The meeting closed at 6:55pm.

Gai McGrath
Chair

23 March 2023
Date

ANNEXURE A – QUESTION AND ANSWER TRANSCRIPT

Matt Rady: The first question is an extension of James' topic around investments. Thanks to those of you who have submitted questions. Our first question comes from a member, Peter. James, what is the investment strategy for 2023 to ensure investment growth?

James Kerr: Thanks for your question, Peter. I think firstly it's important to recognise that our investment philosophy considers successful investment outcomes are a combination of systematic, repeatable processes as well as taking a longer-term focus. We review our investment strategy on an annual basis, we take into account the longer-term risk and return drivers of different types of investments, but we also consider in that process the shorter-term drivers of risk in the marketplace, which could be investor sentiment, investor positioning and the current market environment that we're operating in.

When we look at that review that we've just completed, we do find that in the longer-term, returns have significantly improved from where we were this time last year, despite the fact that we've had a repricing and a correction in markets through the financial year of 2022, longer-term prospects for members has improved substantially to where we were. We also consider the fact that cash and fixed interest investments have markedly improved over the short and long-term and that is a benefit for defensive investors.

When we look at those factors and with the fact that we think equities, as mentioned previously in my remarks, still remain a key driver of returns above inflation for our members, a diversified portfolio is still the area that we focus on for positioning our portfolio for both the longer-term objectives and to weather the shorter-term market volatility that we may face in the next financial year.

Matthew Rady: Thanks very much, James. The next question is also for James, and it comes from a member, Yvonne-Marie, as well as a couple of other members, Wing and Edie. All three of them asked can we expect improved returns in 2023 and what has caused so much volatility in recent years? Now you did cover some of this earlier, but perhaps a little expansion?

James Kerr: Yes, I think looking at the last part of the question first. The last few financial years have been remarkably volatile when you consider the prior five years to that period. We not only had the rise of the pandemic and COVID-19 which became a global pandemic which caused significant disruptions globally across all economies. But we then also had the follow through which was government and central bank stimulus measures, really designed to weather that storm, prevent mass job losses and prevent economies from going into a severe recession.

A lot of that stimulus travelled through the financial year of 2021 and we saw investment markets very strong off the back of that stimulus measure. As we moved into 2022, that stimulus measure started to abate and we did start to see investment markets start to come off as inflation started to accelerate, and we saw central banks start to move interest rates slightly higher.

Definitely the catalyst, as I mentioned earlier, in 2022 was the Russia-Ukraine war. That shifted the acceleration higher for inflation and it also changed the mindset of central banks where previously they were experiencing and expected a longer-term inflation profile than what was currently being experienced post that March period in 2022. Those significant events drove volatility across the last few financial years.

Do we expect that to occur this year? A number of those key drivers are still prevalent in the marketplace at the moment and so we are cautious for the outlook for super member returns for financial year 2023. Of those key drivers, inflation and interest rates are at the key and the forefront of what investors are considering to be drivers of returns for financial assets, not only this year but into 2024. We don't think and we don't expect similar returns to what we saw across all assets in 2022 to reoccur in 2023, but however we do remain cautious over the short-term.

Matthew Rady: Thanks very much, James. We're going to stick with you for the time being, a number of questions on investments. Again, you've covered this a little bit but I think it's come through from a number of members, Katarima, Remus and Sieraco. All three have asked why has my super fund underperformed compared to other funds, including industry funds?

James Kerr: For positioning for BT Super members, we largely have a portfolio that's exposed to listed markets. That's not the case for a lot of industry funds who are our key competitors. A lot of those funds have a much larger exposure to assets

that are unlisted and as I mentioned in my remarks earlier, there was a large difference in the returns between listed and unlisted assets for the financial year 2022.

That primarily drove the difference in performance between BT Super and a number of the key industry funds. It is important however to remember that that dynamic actually reversed in 2022 and we saw a reversal of unlisted assets and listed assets in terms of performance. Listed assets over that period strongly outperformed and benefited our members, particularly our younger cohort members, where shares and REITs strongly outperformed unlisted assets.

So, there were two big swings over those two financial years that we had to contend with. Over the longer-term however, it's important to consider that these assets do remain similar in terms of their dynamics and their fundamentals, and we generally see a similar level of returns out of both listed and unlisted markets over that longer-term period.

Matthew Rady: Thanks very much, James. I think that covers the broader topic of investing, but we have had a number of questions come through on sustainability in particular, and I might pick up one of those now. Brian has asked a few questions, firstly how is BT changing its investment strategy towards sustainable business practices?

James Kerr: Thanks for your question, Brian. Firstly, Australian law requires super trustees to act in the best financial interests of its members. Notably also, super regulator APRA, ensures regulated funds manage risks and opportunities from changing climate, societal and government trends in line with other risks that impact super. For BT Super and BT Super for Life investment options, we consider sustainable investment being a key input to our investment philosophy and a key driver of positive long-term member returns.

BT Super and BT Super for Life, the process that we use in terms of sustainability is to consider engagement at the forefront of our investment philosophy. That means we not only rely on our investment managers to perform engagement with companies on our behalf that align with our key principles, but also where contentious issues might arise, our internal teams will be involved with their investment research partners to engage on those areas with the companies directly.

We've also been members of key industry groups along the way. Since 2021, BT has become a member of the Climate Action 100 Group, the Investors Group on Climate Change, I should say, and also the Actuaries Institute Working Group on Climate Change. Those three industry working groups influence and help influence larger corporates establish a net zero target as well as additional disclosures to improve the climate impacts for investors.

Matthew Rady: Thanks very much, James, and I think you mentioned the thousands of decisions and hundreds of meetings that your team participated in earlier this afternoon. Brian's second question is a little bit more specific. What steps are taken to divest from investments in fossil fuels and weapons trade?

James Kerr: Well Brian, we don't take any steps at this stage to divest from investments in fossil fuels. As I mentioned our primary process is to engage with companies in those areas to positively influence not only their business models but also their longer-term impact on climate change. Where we do have exclusions, we work very closely with our industry research partners to disclose and identify where those companies, and largely they are involved in tobacco and controversial weapons, that don't align with our key principles. Therefore, we would look at an exclusions framework on a case-by-case basis.

Matthew Rady: Thanks very much, James. I'm going to turn now to a new topic which again is specific for those members that are in BT Super or BT Super for Life. It relates to the annual performance assessment of the BT Lifestage investment offerings. Now our Chair, Gai McGrath covered this earlier, and I might turn to Andrew Wallace who's Managing Director of our Personal and Corporate Super business, to cover some more specific questions.

So, the first question is from Clement, and I'll turn to Andrew for this question. What is BT doing about the APA failed result from 30 August 2022?

Andrew Wallace: Thanks, Matt. Firstly I'd just like to welcome, from my perspective, BT Super and BT Super for Life members to the presentation and the Q&A session today. I'm really happy to answer your questions as we go through it. From an APA fail perspective, we've really been focused on this for a long period of time and our strategy has been two-fold.

As Gai McGrath outlined earlier and Matt talked through our steps going forward, the first strategic move for us is to find the right partner for our members for the longer-term, and that's Mercer Super. We're still on track to deliver that transition on 1 April. It's been a lot of work by a great many people and we're still confident that we are on track to complete that move.

From a Mercer Super perspective, those great advantages are, as Gai has outlined before, superior investment performance over the long-term and their strong capability, reduced fees and member services that can expand the horizons for our

members. The second strategic move has really been that focus around investment performance, as James has outlined earlier tonight, and in particular from an APA perspective it's been about reducing our exposure to high-risk and volatile markets, particularly in the listed property trust and alternative space. We continue to focus on that going forward through to the move to Mercer Super.

Matthew Rady: Thanks very much, Andrew. Now our next topic turns to perhaps something more around strategy and performance and we've received some questions on the impact of the move to Mercer and I shared what I could with you earlier. We will cover some specific questions that have come through though, and again I'll turn to Andrew Wallace to cover these.

Richard asks two questions; firstly, where will the funds be invested when moving with Mercer? There doesn't seem to be a technology fund.

Andrew Wallace: Thanks, Richard. I think from your question it sounds like you're a Choice member, but I'll just reiterate, for all of our BT Super and Super for Life members, if you're in a default fund in a MySuper fund, you'll move across to the Mercer SmartPath investment options and it'll be based on your own lifestage. We've worked on mapping the BT lifestages to the Mercer lifestages overall.

Now if you're in a Choice fund, we have undertaken a detailed investment mapping to look at investment options that best match your current investment option that you enjoy at the moment. As you can imagine, all of the superannuation funds across the country have their own investment option structures that have been put in place over a long period of time, and so therefore we don't have exact matching between the BT Super Choice options and the Mercer Choice options.

So, we've enlisted a team of independent experts to go through and work out what is the most appropriate investment option for your needs. So, for example you talk about the tech fund, now that's the Pendal Technology option within our Choice options. With our investment mapping, we've identified that the Mercer International Shares option is the most closely aligned in terms of strategic objectives and the outcomes that you'd be looking to achieve if you were in that Technology fund.

The main reason for that is the Mercer International Shares option is skewed towards tech stocks, predominantly in the US and in Europe.

Matthew Rady: Thanks very much, Andrew. Richard's second question is a little more technical. Will we be able to access daily exit prices?

Andrew Wallace: Well, the short answer is yes. Mercer price all of their funds on a daily basis, except where a choice fund may be priced less frequently, depending on the nature of that fund. You can access those daily unit prices on Mercer's website, or on the online member portal, once you become a member, and you're enabled, from that perspective.

Matthew Rady: Thanks, Andrew. We've had a live question come through, which I might turn to now. This is from a member, Andrew, why is the transfer to Mercer being done? Is the cost of the transfer being transferred to me?

I think I'll cover the first part of the question, which our Chair, Gai McGrath, talked about earlier in the meeting. Fundamentally, that's about the trustee thinking about the best financial interest of members, and who is best placed to provide a superannuation offering such as BT Super or BT Super for Life, going forward? The trustee has decided on a transfer process to Mercer being in the best financial interest of members.

The second part of the question is the cost of the transfer being transferred to me; I'll turn to Andrew to cover.

Andrew Wallace: Thanks, Matt. In terms of the costs of the transfer, that is also not being borne by members. That is being borne by the different partners between that move, and members are not wearing the costs of that transition. We've been able to look at the transition costs, and work through that with Mercer. So, Mercer will be wearing those costs, going forward.

Matthew Rady: Thanks, Andrew. I'm going to stick with you for the moment, Andrew. You're not out of the hot seat yet. We have another member who's asked a question, Sharon. Will there be any changes to the administration fees as part of the move to Mercer Super?

Andrew Wallace: Well, thanks for the question, Sharon, and the good news, and the short answer, is, yes. The vast majority of members will be enjoying a fee reduction across the fund. In fact, the fee arrangements were one of the compelling reasons that Mercer was chosen by the trustee, in terms of the overall fit, going forward. It's important to note, and I'm going to refer

to the letter that you were sent by us, in late January. Your fee arrangements are detailed in that letter, and it outlines what your current fee arrangements are now, and what you'll enjoy, from a Mercer perspective. That will be detailed at that level.

Matthew Rady: Okay, we have a number of members who've asked the same or similar question. This one comes from Kushagara, Rayner, David and Margaret, who've asked, what is BT doing to improve performance, and will the performance of BT improve, now that Mercer has taken over the management? Well, it hasn't yet, but it's about to. So, again, I'll turn to you, Andrew, to answer that question.

Andrew Wallace: Thanks, Matt, and thanks for the question. In terms of what is being done to improve performance, I think from a BT perspective, we've covered that side off. What I'd probably like to talk about is why Mercer Super was chosen as a partner, as the new merger option, from an investments perspective.

Firstly, Mercer has passed the APA over the last two years, in terms of their default option, Mercer Smart Path. Secondly, they have enjoyed strong investment performance over a long period of time, and when we went through that evaluation process, we used independent experts to validate that performance, over their funds.

More recently, from a super ratings perspective, in September 2022, the survey that they enlisted showed that more than 88% of Smart Path members benefited from above medium returns, over all time periods, and in addition to that, 78% of those members received top quartile returns, over three, five and seven years.

The second part to the question, around Mercer's performance is around their innate capability. Mercer have over 1300 investment professionals across the globe who are managing over US$300 billion, of which Mercer is able to enjoy that scale and that capability overall. That just puts us in a different league to what we're able to enjoy at the moment.

It is important to note that past performance is not indicative of future performance, but hopefully that gives you a sense of their track record.

Matthew Rady: Thanks very much, Andrew. It sounds like a really exciting outcome for members.

I'm going to keep sticking with you, though. This question is a new question, which comes from disclosure that we've made recently, in our financial statements. David has asked a question, what is being done at an expenditure level, e.g., executives' remuneration, including bonuses, to make up to members for poor performance?

Andrew, I'll turn to you to answer questions about the fund base, and then I'll turn to our Chair, Gai, to talk about executive remuneration.

Andrew Wallace: Thanks, David. In terms of the fund base, it's something we've been working on over a number of years, as a part of our simplification strategy, and Gai touched on this earlier in her speech. Essentially, what we've been doing over the last four or five years, is moving members from our older, historic funds, into the new BT Super and Super for Life funds, and with each of those migrations, those members have been able to enjoy reduced fees, with that modernised fund, on a single platform.

We completed that simplification program in October 2021, and, as a result of that, we were also able to provide an additional fee reduction in February last year, where we essentially cut in half the dollar-based administration fee, providing a total benefit of approximately $20 million to our members. So, we've been on a journey of that, over a long period of time.

Matthew Rady: Thanks very much, Andrew, and Gai?

Gai McGrath: In relation to the second part of your question, the executive remuneration outcomes are overseen by the trustee Board, and as part of that process, we do take into account the member outcomes that were achieved in the previous year, in determining any bonuses or other remuneration outcomes for those executives.

Matthew Rady: Thanks very much, Gai. Now, the next topic is a more general one, around member services and broader products. We will email you after the meeting, with links to resources and information about the topics we cover, and remember, if you have a financial adviser, we strongly encourage you to talk to them, about your super investments, in the first place, or call our customer relations team, for general questions.

Now, the first question is in relation to our defined benefit fund. David asks, given the membership in the defined benefit super fund is diminishing, has there ever been consideration to providing members with a special dividend? Andrew.

Andrew Wallace: Yes, it's a good question. In terms of defined benefit funds, for our broader membership base, defined benefit funds are a particular type of superannuation fund, where the benefits of members are calculated in accordance with a calculation that is held within the trust deed for that particular fund. We run a number of different defined benefit schemes for different employers who have worked with us over time.

The short answer to your question is, from a defined benefits perspective, there isn't the concept of a dividend, and so we wouldn't be able to provide a special dividend, as you describe, to those members. Essentially, what happens is the combination of all of those members' benefits, as calculated through the calculation in the trust deed, are worked out by an actuary, which we partner with, and then the actuary determines how much additional money needs to be added to the fund to be able to meet those benefits, over time.

So, it's up to the employer then to be able to top up the fund, if that's appropriate, or run down any surplus, over time, so that it's managed. That runs for the life of that fund.

I hope that answers your question.

Matthew Rady: Thanks very much, Andrew. A live question has also come through from Tim, on the defined benefit fund. I'm hoping to turn to you for this question, as well. The question is, are all the original guarantees for our defined benefit scheme still applying? For example, the CPI adjustment, supported by Westpac?

Andrew Wallace: Again, the short answer is that that is correct. All of those preservations and conditions and benefits for those defined benefit funds will be maintained by Mercer Super and will be transitioned across. There's no change.

Matthew Rady: Thanks very much, for the question, Tim.

Now, we're going to turn our attention to some questions that came through on some of our other investment products, superannuation products, in relation to our platform business, and we'll cover members that are invested in products such as Panorama Super, BT Super Invest and the BT Protection Plans, held inside of super.

Now, Lynette has asked the first question, which I covered a little bit in my introduction, which, Lynette wants to know details about the sale of BT Panorama Super. Now, I mentioned earlier that Westpac has been exploring the sale of the BT platform's products for some time.

That process is continuing, but I am pleased to say we are nearer to the end of that process than we are to the beginning, and we hope to make an announcement in the next few months. It is a live process, and so I can't go into any more detail on that, but rest assured, we will keep you up to date, and your adviser up to date, with information as soon as we have it to hand.

Right. **The next question is a live one, which comes through from a member, Rod, and it's a very good question, because it's quite topical, and we've recently sent some communication out to members in relation to this, who are in this product set. The question is, why is my account being transferred from the retirement wrap superannuation fund to the Asgard independence plan division 2 superannuation fund, on or around 1 April?**

Now, we did cover this off earlier, but what I will do is I'll get Kathy Vincent, who's on our panel, to talk and answer that question.

Kathy Vincent: Thanks, Matt. Importantly, what we're doing is simplifying our superannuation fund structures. What that means to you, as a member, it has no impact to the experience you have with us, on the Panorama Super Solution. What we're really seeking to do is simplify how we operate, create the opportunities for scale and efficiency for us, into the future, and for our members. I will reiterate, there is no impact to your account numbers, your experience, features and functionality and benefits you experience today with BT Panorama.

Matthew Rady: Thanks very much, Kathy. I know the name's a mouthful, but as we said before, there's no change to the investment of the superannuation product that you're actually in.

The next question is a question that is specific to Panorama, as well, and Andrew, we're going to talk a little bit about investment markets, and the Panorama capability. Andrew has asked about the mechanisms in Panorama Super, used to overcome global events, as well as Australian inflation, and still maintain high performance in a down market. Kathy.

Kathy Vincent: Thanks, Andrew, for the question. Panorama Super is quite a unique superannuation product, in that, within that product, there's not a default investment option. It offers a wide variety of quality investment options, across diverse asset classes, and risk characteristics. In some way, it works as a department store of different types of investment choices.

The types of options available on the platform are managed funds, managed accounts, listed securities, term deposits and access to annuities. It's designed in a way to allow the construction of a tailored portfolio based on your specific needs and ordinarily with the help of a financial advisor.

Most of the investment options are externally managed and portfolio and asset decisions by external fund managers is really the dominant proportion of the managed funds on the platform, although I do note that we do have some portfolios or funds on the platform that are managed by Advance, which will soon be moving to Mercer.

Importantly, all of our members in Panorama Super have their own unique needs and specific investment strategies and we do encourage contacting your financial advisor to discuss your personal circumstances in terms of constructing an investment strategy that suits your needs. For those that don't have a financial advisor, you are able to search for an advisor on ASIC's MoneySmart website at moneysmart.gov.au.

Matthew Rady: Thanks very much, Kathy. Now, we've got a question in relation to member feedback and Jason has asked a question for the results of exit interviews and exit surveys over the last three financial years, including measures of customer satisfaction, platform satisfaction, return rate satisfaction and fee satisfaction. Kathy.

Kathy Vincent: Thanks for your question, Jason. I think it's really important in terms of capturing member feedback and it's absolutely a core focus of ours. We don't in fact do that via exit surveys but we do it in other ways and we importantly focus on capturing that feedback so we can actually set and focus on continuous improvement enhancement for our members.

We do that in a variety of ways. We have post-call surveys with our customer relations team. We capture feedback through our advisor community – there's some 6,000 advisors that work with our members on Panorama – and capture satisfaction surveys through Net Promoter Scores and in the moment feedback from our customers. Another important area that we really apply focus to is member complaints and we construct implementation plans around continuous improvement based on the feedback we receive.

The types of examples that Matt mentioned previously in his business update are those types of features around the ability to update contact details online, the ability to actually track your requests and service activity online, and ongoing improvement in terms of the Panorama application, a mobile app where we have added additional fee information, benchmark information, attending to your feedback around what you want to see from us.

Matthew Rady: Thanks very much, Kathy. Now, another topic over recent years where there has been quite a bit of interest is the topic around crypto. We have a few questions in relation to crypto. The first question has actually two parts and comes from William. Firstly – and I think we'll get James to cover this – firstly, are there any links with the investment streams with either direct or indirect connections to Bitcoin or crypto? James.

James Kerr: Thanks for the question, William. I think it's important to recognise that cryptocurrencies are currently highly volatile and speculative investments and they're not currently regulated like other financial assets and so we do tend to not refer those types of products to anything that's got a governance framework from the BT platform.
As that is said, the trustee at the moment has not added a crypto fund or any linked crypto asset to the menu available for investors and at this stage there's no plan to do so.

Matthew Rady: Thanks very much, James. The second part of William's question – and I'm guessing that William is not a keen crypto investor – can insurance be taken out to cover potential data breaches and syphoning of funds or ID theft?

Perhaps I'll cover the first of those questions or the second of those questions. So, firstly, no, insurance can't be taken out, unfortunately, for members for these factors but BT and Westpac do take fraud and customer data extremely seriously. We have robust systems and controls to protect your investments and customer information and we do have bank grade security infrastructure that includes SMS two-factor authentication and extended validation certificates to protect information.

Personal information is encrypted and protected from access by security questions and we also conduct ethical hacks by an internal team to identify security vulnerabilities. We have intrusion prevention systems and web application firewalls which provide multi layers of defence and our cybersecurity team continually monitor and test to ensure our system's interactions

are safe and secure. In addition to that, our external auditors review our controls and ensure they align with international and regulatory standards.

Turning now to a question around expenditure disclosure. These questions have come through because, for the first time, we showed fund expenditure on our Annual Member Meeting invite. That is a new requirement to include a summary of fund expenses and our expenses relate to our super fund as a whole.

Some expenses previously reported elsewhere, such as executive remuneration, we have covered in previous years, however some are new and I'll ask Gai McGrath, our trustee, to help answer some of the questions that have come through as a consequence. **A member, Steve, have asked two questions. Firstly, how is it possible to spend nearly $250 million on related parties? Gai.**

Gai McGrath: Thank you for your question, Steve. One important piece of context is to understand the trustee, BT Funds Management, is part of the Westpac Group. The trustee itself doesn't have any employees other than the directors on the Board, so we need to rely on other parties to manage and administer the fund on our behalf and we engage them through contracts.

We have chosen to do that with related parties where we've gone through a competitive process to benchmark the services they provide and the fees that they charge for those services so we make sure that what they are doing meets what is required from an arm's length competitive process. We have ongoing benchmarking.

In terms of the $250 million, if you think about the total context of $73 billion worth of assets that the trustee oversees and nearly 700,000 members, it does sound like a large amount of money but that's important context. The vast majority of the $250 million is spent on investment management charges, as well as administration charges.

Matthew Rady: Thanks very much, Gai. Steve's second part to that question is what are the audits on these activities?

Gai McGrath: So, payments from the fund are audited as part of the accounts auditing process, which is done by our external auditor, PwC.

Matthew Rady: Thanks very much, Gai. The next two questions come from John and are similar in nature around expenditure disclosure. The first question is when will fund promotional materials, advertising development and media costs, sponsorship and alliance partnership arrangements cease? I'll turn to Gai for that one.

Gai McGrath: So, John, I think you are referring to the $4.7 million that is disclosed in the notice around these activities. Firstly, we don't have any sponsorship activities. What we have is marketing and other promotional activities for our members and a large part of that is the material we provide on our website that enables members to get access to important information to help them in planning for their retirement.

We get many visits to our retirement hub where people can come in and do calculations about how much money do they think they might need in their retirement and they can plan out how they save in their superannuation fund to generate that amount of income. So, we find that there's a lot of engagement around investing in these sorts of tools for our members and we intend to continue to provide those for members.

Matthew Rady: Thank you very much, Gai. John's second question was how many people receive the remuneration expenditure?

Gai McGrath: So, the remuneration expenditure that is disclosed on the website covers 22 executive officers, who are all employees of the Westpac Group. Their payment is paid by the Westpac Group and is not paid by the super fund. The other people covered are the members of the Trustee Board, the six members of the Trustee Board, and their fees are paid by the entities being BT Funds Management and Westpac Securities Administration Services and again are not charged separately to the superannuation fund.

Matthew Rady: Thank you very much, Gai. I think that wraps up the questions we have today because unfortunately, we're almost out of time. I'd like to thank everyone who's submitted questions and it's been great to hear what's on your mind and I hope our responses have been helpful. I'd also like to thank all of our speakers and the Trustee Board for being here to provide an update and answer your questions.

Now, towards the end of next month, we'll publish the video of today's meeting together with the minutes and all of the questions and answers on our website. Answers to any questions that weren't covered today because we needed to either make further enquiries or we didn't get time will also be included here.

We'll send you a follow-up email after today with a short feedback survey. Please take the time to let us know what you thought about today's meeting, what you liked and where we can improve for next time. Finally, I wanted to say thank you to each of you on behalf of the whole team for trusting us with your retirement savings. We are passionate about super and we value the opportunity that you have given us to be there with you throughout your working life and into retirement. Enjoy your evening.

ANNEXURE B: RETIREMENT WRAP FUND
RESPONSES TO QUESTIONS NOT ADDRESSED AT THE ANNUAL MEMBER MEETING HELD ON 28 FEBRUARY 2023

This annexure provides written responses to the questions that were not addressed at the Annual Member Meeting for the Retirement Wrap Fund held on Tuesday, 28 February 2023.