VISION SUPER PTY LTD
ABN 50 082 924 561
Minutes of Annual Members' Meeting held at
State Library of Victoria, 328 Swanston Street Melbourne
and online on Thursday 1 December 2022 at 5.30pm

1. Attendance and Apologies

PRESENT:

Directors

Lisa Darmanin (Chair)

Graham Sherry (Deputy Chair, Remuneration Committee Chair)

Casey Nunn (Audit Committee Chair)

Joanne Dawson (Investment Committee Chair)

Peter Gebert (Benefits Committee Chair)

Diane Smith

Kerry Thompson (Governance Risk and Appointments Committee Chair)

Vijaya (VJ) Vaidyanath (online)

Stephen Brown

Executives

Stephen Rowe, Chief Executive Officer

Michael Wyrsch, Deputy CEO and Chief Investment Officer

Noelle Kelleher, Chief Financial Officer and Company Secretary

Sean Ellis, General Manager Strategy and Growth

Nikki Schimmel, Chief Risk Officer

Steven Leach, General Manager Operations and Transitions

Emma Robertson, General Manager Data and Analytics

Nick Pratley – Head of Human Resources

Rebekka Power, Head of Communications (Minute taker)

External service providers

James Dixon, Partner, BDO, External Auditor

Matthew Burgess, Senior Director, Willis Towers Watson, Fund Actuary

Members

In attendance in person: Approximately 35 members and others

In attendance online: Approximately 170 members and others

Sean Ellis, General Manager Strategy and Growth, opened the meeting at 5.30pm, welcomed members and introduced the Chair, Lisa Darmanin. He gave a brief outline of the agenda.

2. Acknowledgement of Country

The Chair acknowledged the Traditional Owners of the land:

"We acknowledge the Traditional Owners of the lands from across Victoria. We pay our respects to the Elders past, present and emerging, for they hold the memories, the traditions, the cultures and hopes of Aboriginal and Torres Strait Islander peoples across the state. We extend that respect to any Aboriginal or Torres Strait Islander peoples with us today."

3. Chair's address

The Chair, Lisa Darmanin, welcomed members to Vision Super's eighth annual members' meeting, noting that after two years of meeting solely online due to the Covid-19 pandemic, it was great to be meeting in person once more. Lisa reported that from the Board's perspective, a merger with Active Super made sense and would result in a larger fund that would have greater scope to grow and look after members but noted that members' best financial interests would be key to the decision the Board would make at the conclusion of the analysis. She outlined that prior to reaching a decision point, the Board would continue to strive for the best investment returns at the lowest cost.

Lisa reported that 11 Board meetings had been held in the 12 months to 30 June 2022, and that the Board was confident in the management and staff group. Lisa paid tribute to Geoff Lake and Peter Wilson, who had reached their tenure on the Board and stepped down. She introduced the new Board members, VJ Vaidyanath and Stephen Brown, as well as the rest of the Board, and noted the Board's collective expertise.

Lisa thanked the management team and the staff for their hard work over the year, particularly on the merger.

4. CEO's address

The CEO, Stephen Rowe gave a fund update. He presented an overview of the Fund's key facts and figures, noting that with 75 years of experience, Vision Super was one of the oldest superannuation funds. He reported that net assets were sitting at $11.7 billion as at 30 June 2022, and gave a breakdown of the Fund's member accounts, and payments in and out of the Fund over the course of the year.

Stephen gave a high-level investment overview, noting that the default MySuper option had experienced negative returns for the first time since the global financial crisis in 2008/9, as a result of both equities and bonds markets going backwards. He noted that the MySuper (Balanced growth) option's return of -3.80% was very close to the SuperRatings Fund Crediting Rate SR50 MySuper median for similar super options of -3.73%. He briefly summarised the returns of other options for both accumulation and pension members, noting that detailed returns could always be found on the website as well as in the Fund's annual report.

Stephen gave an update on the Fund's ESG activities, noting investments in CIP IV and the IFM Net Zero Infrastructure Fund. He reported that members' best financial interests remains the primary consideration when investing in products with an ESG focus, and that both the investments had thus far delivered strong returns. Stephen reported that the Fund's overall carbon footprint and carbon intensity were much lower than the relevant benchmarks.

Stephen reported on the costs of running the fund.

Stephen reported that the Melbourne-based Contact Centre had over 77,500 interactions with members over the year, and that interactions with the Contact Centre and with Vision Super financial planners are highly rated by members both on the Fund's internal surveys, as well as through the externally run CSBA superannuation customer experience benchmarking.

The Fund's brand campaign was covered, with Stephen noting that sustainability through continuing to increase the Fund's membership was important for the Fund's future fees and costs.

Stephen ran through information required to be given to members at the AMM, including executive remuneration for the executive team, sitting at $3,500,599 for the year. He noted that total spend on marketing, promotions and sponsorships over the year was $3,644,112, most of which had been spent on brand and marketing to grow the fund. He reported that Vision Super doesn't make political donations, so the reported amount for political donations was zero. Total payments to industrial bodies were $238,750, of which $151,955 was payment to the ASU in lieu of the Chair's Director fees; $5,954 was paid to VCCI for HR advice, and the remaining $80,841 was paid to the ASU under the Fund's marketing facilitation agreement. Finally, he noted that the amount related to bonuses and performance pay for the Fund's executive was also zero, as Vision Super does not have performance-based pay arrangements. Stephen noted that Vision Super's remuneration is governed by a Remuneration policy, which is overseen by the Board's Remuneration Committee. Salaries are benchmarked under the policy to ensure they are fair and in line with industry standards. During the financial year ending 30 June 2022, staff covered by the enterprise agreement had a 3.5% salary increase plus the statutory increase to superannuation of 0.5%, so a total of 4%, and executive salaries also rose by 4.8% on average.

Stephen updated the meeting on the cyber security measures the Fund has in place, noting that Vision Super's cyber maturity was rated above the industry benchmark. He explained the multiple layers of protection in place to safeguard member data and accounts, and the active monitoring in place both internally and externally.

Stephen reported that the Fund had experienced another unqualified audit report and noted the presence of the Chair of the Audit Committee, Casey Nunn, the CFO Noelle Kelleher, and the external auditors, BDO, who were all pleased to answer any questions members might have.

Stephen gave an update on insurance arrangements, noting that premiums were changing from 1 January 2023 for most insured members, and that notice had been provided to the members affected by the changes.

Stephen also gave a detailed update on the progression of merger discussions and due diligence with Active Super. He reported that due diligence had just been concluded, and that the intention of the two Boards was now to develop a target operating model for the merged fund. He outlined that an assessment of equivalent rights would then be conducted by the Vision Super Board, to ensure that members would enjoy equivalent rights in the new fund as they currently enjoy with Vision Super, along with an assessment of whether the merger would be in members' best financial interests. He noted that if these assessments were positive, the merger could then proceed.

5. Investment Committee report

Director Jo Dawson, the Chair of the Investment Committee, outlined the role of the Committee in implementing the investment governance policy and framework, including the management and monitoring of the Fund's investments and investment strategies. Jo noted that the Committee met six times during the year ending 30 June 2022 and conducted reviews of asset classes along with a review of the strategy of each defined benefit Plan.

Jo reported that the financial year had not been smooth sailing on the markets front and thanked the Chief Investment Officer Michael Wyrsch and the Investments team for their hard work on behalf of members.

6. Chief Investment Officer's address

Michael Wyrsch, Deputy CEO and Chief Investment Officer, gave an address on the investment performance of the Fund for the year ending 30 June 2022, and the outlook for the year ahead.

Michael reported that the year had been a tale of two halves, with strong performance carrying on from the previous financial year during the first half of the year, but the weakest second half of the year in US markets since the early 1970s, and very weak markets generally internationally as inflation started to rise and central banks started to lift interest rates.

Michael noted that the markets in Australia had been slightly better performing than other developed nations globally due to the index containing fewer tech stocks, which were poor performers over the period, and more energy and resources, which had performed strongly in the wake of the Russian invasion of Ukraine.

Michael emphasised the importance of looking not only at short-term performance – which for most Australian funds was difficult last year – but at performance over the medium and longer term. He noted that although the year ending 30 June 2022 had seen the Fund's first negative result since the GFC, Vision Super was still performing strongly over the medium term.

Looking ahead, Michael noted global tensions, and that a multi-polar world would be inherently more unstable than the world had been with a single super-power. He also noted climate change was having an impact, both in Australia and around the world.

Michael reported that interest rate rises would continue to affect economies in 2023, with inflation likely to continue to fall as demand eases and supply chains recover. He noted that there was a significant chance of recession in the US, Europe, the UK and Australia with the impact of rate rises.

7. Member questions

The meeting was opened for questions about the fund.

Questions and comments raised during the meeting related to investments, ESG, COVID, fund governance, engagement and performance. All questions received and responses to those questions (including those questions covered during the meeting) are in Appendix A and can be found on our website.

8. Meeting close

Sean Ellis thanked members for attending and informed them that the minutes (including answers to questions) and the recording of the night's proceedings would be made available to view on the Vision Super website. The meeting was closed at 7.30pm.

Appendix A: Member questions

<table>
<tr><td>Question</td><td>Answer</td></tr>
<tr><td>What progress has been made with merging fund to achieve greater economy of scale? Appreciating that there would be a number of criteria assessed during this process (e.g., earning performance, customer service etc) I give it a taken that ability to generate strong financial performance would have the highest weighting (even if it means a partial compromise on say customer service levels). If future earnings performance is not the highest weighted consideration, please advise what is?</td><td rowspan="7">Merger discussions and due diligence with Active Super are progressing. Due diligence has just been concluded, and the intention of the two Boards is now to develop a target operating model for the merged fund. An assessment of equivalent rights will then be conducted by the Vision Super Board, to ensure that members will enjoy equivalent rights in the new fund as they currently enjoy with Vision Super, along with an assessment of whether the merger would be in members' best financial interests. If these assessments are positive, the merger could then proceed.

Retirement outcomes for members are always the top priority, but we do not believe customer service needs to be compromised to achieve strong risk-adjusted returns and low fees for members.

Staffing for a merged entity will be determined by the strategy of the merged fund, which will be a matter for the new Board.</td></tr>
<tr><td>Has there been any progress on merging with another like-minded Super Fund?</td></tr>
<tr><td>Vision is a small fund and needs to scale up.</td></tr>
<tr><td>Any news on fund mergers</td></tr>
<tr><td>If the merger goes ahead, how is it determined which staff remain?</td></tr>
<tr><td>What is my future with VISION Super</td></tr>
<tr><td>What's the current status regarding Vision merging with another superfund?</td></tr>
<tr><td>After merger, will investment options change significantly? if yes, how can members decide on performance of new investment options (if any)?</td><td>Decisions regarding the investment options for the merged entity have not been determined and will be considered in the next phase of the merger discussions. If the merger is to proceed, members will retain investment choice and have the ability to select the option that is appropriate for them.</td></tr>
<tr><td>How our fees measure against other funds?</td><td>Vision Super's fees are highly competitive when compared with other funds. According to the SuperRatings fundamentals report July 2022, the average super fund fees on a representative member balance of $50,000</td></tr>
</table>

Question	Answer
	are $610 a year for accumulation members, and $690 per year for those in the pension phase. In comparison, a representative Vision Super Super Saver member with a balance of $50,000 was paying $463 a year at the end of 30 June 2022, a Vision Personal member just $223 per year, and a member with an account-based pension $545 per year – all under the industry averages.
What protection do we have re politicizing the investment decisions by trade unions and activists?	Our Board has an equal representation model, with four employer representatives, four employee representatives, and one independent Director. The equal representation model is a proven highly successful model of governance, which has seen industry funds out-performing retail funds ever since the start of compulsory superannuation in Australia. The Board, and everyone at Vision Super, has a fundamental obligation to act in the best financial interests of our members, and we take that obligation extremely seriously. Whether our Board members come from an employer background, or an employee background, each of our Directors makes their decisions based solely on the best financial interests of our members.
After merger will current MLC insurance change, or will there be an option to get insurance from another company?	If a merge eventuates the harmonisation and consolidation towards a single insurer and insurance offering will be a key opportunity to deliver some benefits from increased scale. Consideration of the most appropriate insurer to support the new offering will also be an important part of the process.
When will the infrastructure and property options becomes available to pensioners?	When these options were introduced, a decision was made to exclude them from the pension investment menu due to the trading windows and the associated account access restrictions during the year which were not considered compatible with pension options. This position has not changed, and it is not expected that these options will become available to pension members,
Why did the Sustainable Balanced option (now called the Balanced Low Cost) do so badly? One yr pension fund = -9.53% a few months ago.	For the 12 months to 30 September 2022, the Balanced low-cost pension option returned -9.53%, significantly underperforming the Balanced growth pension option which returned -5.60% over the same period. The underperformance of Balanced low-cost mainly reflected a greater

Question	Answer
	exposure to listed markets than Balanced growth. Listed assets tended to underperform unlisted assets over the 12 months to 30 September 2022. The key drivers in the difference in return observations for this period were: • The main detractor was the lack of infrastructure and unlisted property asset classes in the Balanced low-cost option. These asset classes significantly outperformed listed equity markets. Both infrastructure and unlisted property were recently introduced to the Balanced low-cost option. This should help smooth the option's returns over time. • A higher weighting to listed property and diversified bonds versus Balanced growth detracted from performance. Listed property tends to perform poorly when equity markets are falling. • The main positive contributor on a relative basis was international equities. The Balanced low-cost option holds passive international equities whereas Balanced growth holds both active and passive international equities. Passive international equities outperformed our active international equities managers.
A catastrophic year with significant loss in balanced growth. The key word here is balanced - and that did not eventuate. What steps have been made to ensure this does not happen again?	While the performance of the Balanced growth option was negative in 2021/22, this performance followed exceptionally strong performance of 19.05% in the prior financial year. While a negative performance outcome is difficult for our members, these outcomes will occur from time to time, generally because of large falls in equity markets. With the aim of helping to reduce the downside during such episodes, the Balanced growth option is diversified across a range of asset classes. For example, this generally means that the return from the option will be materially higher than the return from equity markets during adverse investment periods. That was the case in 2021/22. One of the unusual aspects of the first half 2022 was that bond prices fell while equity market prices fell, reflecting much stronger than expected inflation. In recent decades, bond prices tended to rise while equity markets fell, providing a partial offset to weak equity markets. Therefore, the usual benefit from bonds did not occur this time. While we lowered the Balanced growth option's allocation to equities and bonds in 2022, this only provided a moderate benefit to performance.

Question	Answer
	While bonds did not provide positive returns in 2021/22, other asset classes did. For example, the Infrastructure and Property asset classes generated very strong returns versus equities. This meant that the return from the Balanced growth option was materially higher than the return from equity markets and shows the importance of diversification.
How do you see the markets in the next three years?	While there is a wide range of potential paths for investment markets over the next three years, our central case view is that we anticipate that there is likely to be some further downside for equity markets reflecting potential recessions in the US, Europe and the UK. There is also a significant risk of recession in Australia and a very weak residential property market. We expect weak global profit growth in 2023, reflecting the lagged impact of interest rate increases. Interest rates have increased at a rapid pace in 2022 and further increases are likely. While we expect some further downside in equity markets, valuations of assets have fallen materially from their very elevated levels in the second half of 2022. This suggests that the medium-term outlook for returns has improved materially since that time, so once equity markets bottom the returns from equities may be strong. There are both upside and downside risks to our central case view. On the upside, global and Australian inflation may subside faster than we expect and allow central banks to lower rates more aggressively. Conversely, the current elevated inflation may prove to be more persistent than expected, requiring higher interest rates before it can fall to be in line with central bank targets. Other upside risks to our central case view include a resolution of the war in the Ukraine and China being able to deploy effective mRNA vaccines across a large part of its population.
Mergers are never equal, who would be the senior partner in a merger of Active Super and Vision Super?	The Board is currently looking at the merger through the lens of a merger of equals, where both funds have very similar membership and assets. The Board is looking to determine the best possible solution for the merged fund going forward, whether that be the administration solution or insurance offered to members. These decisions will consider best practice with an objective and fact-based assessment completed to find the best structure and strategy for a merged fund.

Question	Answer
Active Super look to have a very political Board that is heavy with NSW Councilors, which doesn't fill me with enthusiasm, given NSW has never gotten over the rum rebellion, how sure are you they are the right partner?	Their Board is very qualified and experienced. Our board is considering many factors when determining if this merger should proceed but will ensure the governance is right before any merger proceeds. If the merger is to go ahead, we expect the new fund Board composition would include an equal number of Directors from each fund, with the chair rotating.
What are you going to do about growing the membership? Can Vision Super get the contractors working in the sector to join the Fund?	Historically we have relied upon default fund membership coming from employers. To support that membership and grow beyond that distribution channel we developed a direct-to-consumer offering know as Vision Personal. This product now has over 7,000 members and typically acquires younger members, we expect this offering to continue to grow. Other organic growth initiatives are producing positive results which include of digital marketing and brand work. However, merger if successful in this instance would deliver approximately 84,000 member accounts and additional scale to continue to invest in growing the fund.
Knowing housing affordability is an issue for younger Australians, have you considered housing as an asset class that could deliver long term returns for members as a growth initiative?	There is currently a fair bit of discussion on this issue at a federal level with a summit, recently held on this matter. If there was a feasible structure that could provide strong risk adjusted returns this is something that we would consider but we think there will need to be more discussion and detail provided before we get to this point.
In previous years Vision Super has had very good returns, and you have always stressed not to expect this performance going forward. We've had a bit of a hiccup up in 2022, can you provide any thoughts on what might be expected looking forward in the next period? Not what we have experienced (over the past few years), but would it be closer to 5-6% that you will be aiming for?	It is really hard to comment from a short-term perspective because different factors need to be considered. We think a couple of things will influence performance with both having different impacts. Inflation comes off quickly and central banks stop raising interest rates, we think we will see strong returns. However, if inflation remains sticky and goes a bit longer, we expect a difficult period. We do expect the next decade to be tougher than the previous.

Question	Answer
Hope the income protection and other add ones in current Vision Super insurance opted by some members be still made available to those members after the changeover	Members can expect to either retain their insurance or have a similar arrangement available. While we expect a merger would provide an opportunity to provide a new insurance offering, we do not foresee a situation where income protection cover is not available to members.