

Date:	Wednesday 29 March 2023
Time:	4.30pm
Venue:	via online stream
Present:	Geoff Newcombe (Chair) Georgina Smith (Deputy Chair) Patrick Anderson (Director) David Brear (Director) Terry Burke (Director) Deborah Ponting (Director) John Quessy (Director) Chris Wilkinson (Director) Michelene Collopy (Director) Mark Northam (Director)
Executives present:	Natalie Previterra (Acting Chief Executive Officer) Ben Facer (Chief Strategy Officer) Ben Squires (Chief Investment Officer) Melissa Adam (Chief Experience Officer) Chris McManamon (Chief Service Delivery Officer) Darryn Studdert (Chief Advice Officer)
Also in attendance:	Timothy Jenkins (RSE Actuary) Ben Tompsett (Fund Auditor) Sophie Snape (Minute Secretary)
Apologies:	Kathy Dickson (Director) Wendy Wills (Director) Lynn Monk (Chief People and Culture Officer)

Quorum

The Acting Chief Executive Officer (Acting CEO) introduced herself and noted that a quorum of NGS Super Board Directors was present online and opened the meeting at 4.30pm.

The Acting CEO noted that the Chair, Dr Geoff Newcombe was unwell and wouldn't be joining the meeting in person. It was confirmed the Chair, all members of the Board and the Executive Team, together with the Fund's Auditor Ben Tompsett and the Fund's Actuary Tim Jenkins were joining the meeting online.

Welcome and address by the Acting CEO

The Acting CEO formally opened the meeting with an acknowledgment of country and welcomed members to the annual member meeting. Members were advised that the Chief Strategy Officer (CSO) and Chief Investment Officer and (CIO) would be making presentations.

The structure of the meeting and the process for asking questions was outlined.

Fund update

The Acting CEO provided the Fund update, highlighting the following areas:

- The recent cyber security incident detected within the corporate IT network and the steps taken to further secure the network and member data. The Fund sincerely apologises to all members impacted by this incident.
- The decision in 2021 to not go ahead with the merger with Australian Catholic Super ensured 2022 was a year for the Fund to regroup, refocus and reenergise.
- The Fund is focused on things that matter most to members including personalised service and support, low-cost quality products and competitive investment performance. Focusing on these factors allows the Fund to thrive as a niche standalone fund delivering low-cost high-quality products and personalised service.
- The Fund's purpose "to help you and the world prepare for tomorrow" drives everything from strategy, investment philosophy and products, to the support and service offered to members.
- The Fund's strategy is based on:
 - helping members realise their financial goals through the products and services that are offered.
 - delivering strong financial returns to members and containing costs so that more can be delivered to members and
 - preparing for tomorrow through the industry leading position on carbon neutrality.
- The Fund aims to reach members at key times to help in a meaningful and straight-forward way. This is achieved by catering to the unique needs and financial goals of members by providing information and educational tools and resources that simplify super, investments and insurance to assist in making the important decisions.
- Super Specialists and Financial Planners are the cornerstone of the personalised services offered by the Fund, this year they are back to face-to-face meetings.
- The importance of offering high quality and good value products to our members. The Fund were proud to receive the Money Magazine's 2023 Award for the Best Value Balanced Super Product at their Best of the Best Awards. This acknowledges that NGS Super offers a high quality product that delivers strong returns, at a low cost.

- In 2022 the Fund passed the Australian Prudential Regulation Authority annual performance test. The test measures the performance, fees and costs of MySuper products and works to ensure members super is being responsibly managed and doing what it is designed for, building life savings that will provide a comfortable life for retirement.
- The Fund's focus on sustainability and that this focus doesn't come at the expense of investment returns. Delivering in challenging investment markets while staying focused on investments that deliver for members today and improves their world tomorrow is core to our strategy.

The Acting CEO introduced Ben Facer, CSO.

Strategy update

The CSO provided the Fund strategy update, highlighting the following areas:

- The Fund wants to remove the pain points in the existing service model, to do so there is a focus on working to gain a deeper understanding of how members and employers engage with the Fund, finding where processes do and don't work and identifying any gaps in the member journey.
- The first phase of the Customer Experience Alignment is to develop a prioritised plan for improving the member experience across all touchpoints such as the website, online member portal, helpline and interactions with Super Specialists and Financial Planners.
- The review of the current administration operating model. This review is to plan for a future model that balances the efficiency and accuracy required from routine processes, with the Fund's desire for greater personalisation of interactions with members. The project is scheduled to be completed during 2023 and will result in a recommendation of a service structure that will allow the Fund to deliver a high-quality tailored member experience that is balanced against member costs.
- The Fund has become a larger and more complex organisation in recent years due to the growth in Funds Under Management and market and regulatory expectations. This has resulted in the introduction of new ways of working to support staff, maintain satisfaction and retain expertise. Providing staff with consistent technology and tools is underpinning the push to improve processes and enhance productivity.
- There is a focus on initiatives such as the automation of routine tasks and the use of improved technologies and processes to help efficiencies. Work in this space will be ongoing as regulation, markets and technologies continue to change.

The CSO introduced Ben Squires, CIO.

Investment update

A general advice warning was provided on screen at the commencement of the CIO update.

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The CIO provided the Fund investment update, highlighting the following areas:

- The difficult market environment the Fund had to navigate in 2022, including rising inflation, interest rates and energy prices, alongside supply chain disruptions and labour shortages. This contributed to the slowing of the Australian economy and dampened consumer and business confidence which was reflected in the capital markets, with greater volatility in share markets and tighter credit markets.

- Despite challenges the Fund continues to take a long-term approach investing in opportunities that are anticipated to add value to members retirement savings over the long-term.
- Efforts to decarbonize the portfolio were maintained by divesting companies within the oil and gas production and exploration sector. The Fund is well ahead of the trajectory to achieve the 2025 goal of interim carbon emission reduction by 35% for the Diversified option.
- Proprietary modelling has been developed that is enabling the Fund to identify risks and incorporate these into the portfolio construction methodology.
- The Fund continues to focus on positive impact investments in the climate space, amongst other investments and have made commitments to new technologies which are helping speed up the removal of carbon from the agriculture, manufacturing and transport sectors.
- Investments in renewable energy generation increased over the year and this is expected to more than offset the risks associated with the divestment in pipelines and gas terminals.
- Carbon intensity in 2022 was 38 tonnes of carbon dioxide and greenhouse gas emission per million dollars invested, this represents a 20% reduction from the 2021 level, and a 13% reduction ahead of the required trajectory.
- Portfolio returns illustrate returns are not compromised by saving the planet. The Fund's portfolio has maintained outperformance relative to the ASX300 index, what this shows is the Fund has been able to divest high risk assets from the portfolio during an energy crisis, whilst continuing to outperform the index.
- The key considerations impacting the likely path for capital markets were outlined, these included a goldilocks scenario, tightening monetary policy, supply disruptions and higher geopolitical tensions.
- The risks of recession are increased, this is one of the key outcomes of tightening monetary policy. The data is telling us the following, inflation is cooling, however service inflation appears to be sticky relative to goods inflation; oil and commodity prices pose a risk to inflation; China reopening is a positive for economic growth, however it may feed into the inflation story; unemployment is at historically low levels, we have seen strong signals of wage inflation peaking, we continue to see high job openings within the market; margins within corporations still remain healthy; and the recent sell off in technology stocks is a leading indication of an earnings recession ahead of us.
- An update on the Feds and market reaction was provided, the Feds maintain a hawkish tone around higher rates for longer to deal with the inflation issue; the market is pricing in lower interest rates in the second half of the year, off of the back of slowing economic growth and heightened recession risk.
- The Fund's take on the data was provided, the first half of the year has been around understanding the drivers of inflation and looking for signals to see that inflation is coming off and monetary policy is working, the second half of the year is about earnings growth, and the implications for companies and their earnings and how will this affect capital markets.
- The Fund is maintaining a slightly positive view in the first half of the year, as despite odds of a recession having absolutely increased the Fund believes the market is range bound.
- The Fund is staying invested in risk and adding more hedges to the portfolio as a tool to provide protection in the event we markets deteriorate. Such as increased allocation to gold as a hedge against inflation and deep recession risk; the increased allocation to fixed international income or bonds as these act as a diversifier; increased exposure to safe haven currencies such as the US dollar which acts as a hedge against the continued hawkishness of the Fed and further geopolitical tension; and increases in the frequency of rebalancing across the portfolio.

- An update on the Fund performance was provided reflecting on the 30 June 2022 year where the fund delivered a negative 3.55%, this is off the back of significant headwinds e faced in capital markets where international shares were down in the order of 17% and Australian shares were down in the order of 6%. A chart on screen represented returns generated across the sectors invested in for the diversified MySuper product, the significant array of sectors invested in provide diversification benefits to the portfolio and neutralise the effect of negative capital markets. The private equity portfolio has seen great results in 2022.
- The story in February 2023 changes significantly, data shows the asset classes that were underperforming in 2022, have come back and there has been recovery and improvement in the share market. The returns for the asset classes that were protecting us in 2022 have softened, this is the benefit of diversification.
- The Fund continues to invest in people adding five new team members with expertise across private equity, infrastructure, quantitative analytics, ESG and investment operations. These additions have deepened research efforts and enabled increases in investments in directly held assets across the portfolio, both reducing fees and enhancing returns.
- Automation of a number of activities has improved the efficiency of portfolio management activities.
- The portfolio is resilient to shocks given the long-term approach taken. Examples of how the Fund is building resilience into the portfolio were provided including investing \$162million in Australian real estate; investing in transitional based energy exposures which are enabling the Fund to move towards the 2030 target; and investment in private equity which offers access to high return opportunities in private markets.
- The Fund continues to invest in the next solutions to global problems including companies that are developing new immunotherapies for tumours; microbial technology capturing carbon in agricultural soils; food for feeding the population of the future; and next generation companies of computers such as quantum computers.

Questions and Answers

A general advice warning was provided on screen at the commencement of the questions.

The information provided is general information only and does not take into account your personal objectives, financial situation or needs. Before acting on this information or making an investment decision, you should consider your personal circumstances and read our [Product Disclosure Statement](#) and [Target Market Determinations](#) for more information. You should also consider obtaining financial, taxation and/or legal advice which is tailored to your personal circumstances before making a decision.

The questions were answered by the Acting CEO (unless otherwise specified).

Please note that where questions related to individual member accounts or circumstances, members were contacted directly with responses in order to maintain privacy.

Responses provided during Annual Member Meeting

The Acting CEO thanked members for submitting questions both in advance and during the meeting.

Question 1:

In light of recent data breaches affecting several companies, what is NGS doing regarding its security arrangements, particularly with ensuring secure access to accounts? Further, how is NGS planning to strengthen security around member accounts?

Response (CSO):

The security of our systems and member data is of the highest importance to us, and we are absolutely committed to safeguarding all member information. Our online login employs multi-factor authentication, and it is supported by risk-based algorithms to protect our member accounts. This means you might have a different experience depending on what devices you are logging in from. We

constantly review our security policies and controls and work with our administrator to ensure the safest approach for our members.

Question 2:

Can you give three good reasons for members who are transitioning to retirement to not transfer their super into a bank savings account?

Response:

Everyone has different needs and financial goals which is why we offer a wide range of investment options, products and services to cater for members at each stage of their journey with superannuation. A transition to retirement strategy can help you maintain your current income and if you reduce your working hours, it can also maximise your savings for retirement by continuing to contribute to your super and potentially save tax if you continue to work full-time. Together with our low fees, flexibility in how and when you receive your income, a transition to retirement can help you ease into life after work.

Question 3:

The cost of administration of super funds in recent times is on the rise, is NGS taking action to minimise these costs so that charges to members can be improved?

Response:

As an industry super fund all of our profits go back to members and delivering value to our members is at the heart of what we do. As evidence of this we offer consistently low fees across our product range and to keep our fees low NGS have a focus on innovation and continuous improvement. We are proud to have again received a platinum rating from SuperRatings for 2023, for the 18th consecutive year. This underscores our position as a “best value for money” super fund.

Question 4:

Why does NGS Super include my member number on the front of the NGS Super letter?

Response:

The member number is included in NGS correspondence so that members can readily access it if they want to respond to, or act on, the correspondence in some way, for example, if you want to log on to member online or to the app. Rest assured that our member account security requires several pieces of information to be able to access any personal account information, account information cannot be accessed by using a member number alone.

Question 5:

It is important for members to be able to actively engage with their superannuation via any channel. Does NGS Super have plans to provide an improved mobile app?

Response:

We are always looking at how we can improve our customer experience to make it as easy as possible for members to engage with their super. You will be pleased to know that upgrading our app is definitely on our digital roadmap. We are currently looking at the most cost-effective ways of delivering an improved experience for members through that channel. Doing this will take some time, and I expect we will be in a better position to update members at our next annual members meeting.

Question 6:

With the recent case launched by ASIC against Mercer Super for greenwashing what actions are being taken by NGS Super to ensure they are not making any misleading statements?

Response:

We are committed to transparency in everything we do, so we are also mindful that a statement must present the right information to members. ESG and sustainable investment are open to debate, so we strive to add as much context to our statements as possible. As soon as ASIC’s greenwashing guidance was released we undertook a stringent legal and compliance check to ensure all ESG material complied with these guidelines. Further, any new material on these topics also receives the same level of review. For those interested our webpage contains valuable information around our

ESG and responsible investment policies, how we evaluate investments and our progress towards ESG targets.

Question 7:

NGS is not listed amongst the poorly performing funds in the governments ranking of super performance, where does NGS sit in terms of that top ten performance and what steps have been put in place to lift NGS Super's ranking?

Response:

NGS continues to take a long-term investment approach, investing in opportunities that we believe will add value to members' retirement savings over the long term. We're pleased to have again passed APRA's annual super performance test for MySuper products in 2022 and we are on track to passing this in 2023. We continue to monitor and evaluate our investment processes to ensure we continue on this steady path.

Question 8:

Regarding the recent cyber-attack when will affected members be contacted, that is what is the time scale for members to be contacted and will members be told if their data has been obtained in the cyber-attack?

Response:

We started communicating with our members on Monday, that included both a general communication to our broader members and it also included specific correspondence to impacted members. That process commenced on Monday and will be continuing throughout the week.

Question 7:

Can you provide an update on any new investment options or products the Fund is considering offering to members?

Response (CSO):

Looking at investment options is particularly important across the different stages of life. We are constantly looking at investment options and improvements to those investment options for our youngest members, for members approaching retirement and also for members in retirement. One thing we are particularly focused on is investment options for members in retirement, what is important for these members is there is still a long time for that money to be working for you, so we are looking for investment options and products that ensure long term growth but at the same time we need to ensure when markets do turn there is protection on those options as well. We are looking at investment options at the moment that have the balance between long term growth and short-term protection in retirement. In relation to products and investment options we offer default options that may not always be appropriate for every member, so what is important is ensuring we have the right education, tools and advice to help members make a decision for themselves if the default options aren't necessarily appropriate for them.

Question 8:

What happened to the previous CEO and in what circumstances did she depart?

Response:

Laura Wright retired from the Fund after a very long and distinguished career with us, Laura still remains a member and I hope she is watching today.

Question 9:

Did the recent cyber-attack affect Mercer system and infrastructure or just NGS' systems?

Response (CSO):

The attack was contained to our internal corporate network, it did not go external to our network and most importantly it did not go to the Mercer systems which is where your money is managed. It didn't reach other systems external to the internal corporate network.

Question 10:

Regarding gold bullion holdings does NGS purchase its bullion through the Perth Mint?

Response (CIO):

Yes we use the Perth Mint for access to gold, and the question probably relates to the latest news on the Perth Mint. We have been in constant correspondence with Perth Mint through this process and have high conviction in the WA Government guarantee of the gold, and we see that as the appropriate channel for us to gain access to that commodity.

Question 11:

The sectors you have chosen to exit on environmental grounds how have they performed since the decision was implemented?

Response (CIO):

In terms of the oil and gas sector what we have seen is those sectors, in the early part of 2022 when we were in the midst of the energy crisis, performed quite strongly. Since that time they have significantly underperformed the general market and they have underperformed the NGS portfolio. By having no exposure to those areas, the Fund has actually been able to generate excess returns. We have been able to reallocate the capital into areas where we can observe higher future returns in a multitude of different sectors. There is no shortage of opportunities to reallocate that capital into more attractive opportunities.

All other Annual Member Meeting questions and responses

Question 13:

How is the fund addressing the issue of climate change in its investment strategy?

Response:

NGS believes that climate change is a very real threat which is why we're taking action. We've set ourselves the target to have a carbon neutral investment portfolio by 2030 with an interim target of a 35% reduction by 2025. We've integrated the principles of ESG and responsible investing to manage risk and returns within our investment portfolio. Earlier we also talked about divestment from large fossil fuel companies in 2022. We have been and will continue to take actions to work towards our target.

Question 17:

Why are particular members e.g. teachers provided with benefits and scholarships that are not available to other members who pay the same fees?

Response:

At NGS Super we're committed to supporting our members. Our annual NGS Super Scholarship Awards are designed to give 6 winners the funds to help them maximise their contribution to the sector and foster their professional development. The terms and conditions of the NGS Super Scholarship Awards have been updated to reflect that 'NGS Super Scholarship Awards are open to all NGS Super members'. NGS Super is the leading Industry SuperFund for those in the education and community sectors, but we're open to everyone. We continually review our scholarship program and other sponsorships to ensure they meet our obligations to act in the best financial interest of members.

Question 18:

Given that some members will disagree with your investment decision making, will you commit to maintaining your self-managed option?

Response:

We can confirm that there are no plans to amend the structure of the investment menu offered through the NGS Self-Managed Direct Investment Option. The DIO allows for investment in individual shares from the top 300 ASX listed companies, and a range of exchange traded funds and term deposits.

Meeting close

The Acting CEO thanked the Chief Strategy Officer and Chief Investment Office for their presentations and insights, and thanked the team who worked behind the scenes including NGS Staff and the Corrivium.

The Acting CEO thanked the Board for their support and guidance and thanked the NGS Super members for their attendance.

There being no further business the meeting concluded at 5:15pm.
