

## CENTRIC SUPER FUND: ANNUAL MEMBER MEETING

Date & Time	Thursday, 8 February 2024	3:00pm – 3.25pm
Virtual venue	Meeting held online	
Attendees	<p>Equity Trustees Superannuation Limited (ETSL) Board: Catherine Robson (Chair), Mick O'Brien, Steven Carew, David Coogan</p> <p>Adam Kuziow (Deloitte, Fund Auditor);</p> <p>David Warren (General Manager, Clients and Strategic Planning, Superannuation Trustee Services, Equity Trustees)</p> <p>Kieran Canavan (Chief Investment Officer, Centric Capital)</p> <p>Attendees: 14 members and 21 attendees</p>	
Apologies	Sue Everingham (Director, ETSL Board)	
<b>1. Commencement</b>	At 3:00pm, Catherine Robson welcomed all attendees, provided an overview of the Agenda for the meeting and noted details of how to lodge questions and who to call to address any technical difficulties.	
<b>2. Introduction and Welcome</b>	<p>The Chair noted that a quorum of ETSL directors, David Warren, Kieran Canavan and Adam Kuziow were present at the meeting.</p> <p>The Chair welcomed all members and attendees to the Annual Member Meeting of the Centric Super Fund (Fund).</p>	
<b>3. Chairman's message</b>	<p>The Chair spoke about the role of an independent trustee within the operation of a superannuation fund. This discussion included:</p> <ul style="list-style-type: none"> <li>• An overview of ETSL as Trustee of the Fund and the responsibilities of the Trustee;</li> <li>• Key changes in superannuation and associated legislative changes; and</li> <li>• That ETSL's key role is to protect the interests of members.</li> </ul>	
<b>4. Fund update</b>	<p>David Warren provided an overview of the Fund including:</p> <ul style="list-style-type: none"> <li>• Commentary regarding the Fund's size and 2023 growth attributed to the encircle SFT</li> <li>• Product and investment offering</li> <li>• The role of Centric Capital as Fund Promoter</li> </ul>	
<b>5. Key Initiatives</b>	<p>David Warren addressed the following key themes:</p> <ul style="list-style-type: none"> <li>• Outlining key focus areas across Fund growth, enhancing retirement outcomes, retirement preparedness and member services.</li> <li>• Investment market performance and outlook;</li> <li>• Fund performance update; and</li> <li>• Member Outcome Assessments.</li> </ul>	
<b>6. Looking forward</b>	Kieran Canavan provided an update on the Fund's key achievements in FY23 and a look forward to FY 24. This included:	



- The launch of the Centric One investment menu, including Centric Once Balanced Model performance
- The expansion of the Centric Choice options
- Implementation of a number of technology, product and service improvements to streamline processes, provide more on-platform support tools and support member needs
- Creation of a standalone transition to retirement portfolio
- The delivery of the encircle SFT
- FY 24 priorities of managing investment risk and identifying opportunities for members through the Quality of Advice Review and introduction of the Retirement Covenant and Fund strategy in supporting members retirement and pre-retirement needs.

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## 7. Questions

David Warren and Kieran Canavan responded to 3 questions asked by members:

- 1) Where does Centric's performance rate in relation to the leading super funds over the last 2 years?
- 2) What is the Trustee doing for ethical and responsible investment?
- 3) What is the Trustee's view on the possibility of a global financial crisis given the uncertainty in the world and the main downside risks for Super Fund's Investments for the 2024-25 Financial Year?

It was noted that it was not possible to respond to questions about a member's personal account or circumstances. The Fund would seek to contact these members directly to address their questions.

Written responses to these and other questions posed by members are attached to these Minutes.

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## 8. Closing remarks

The Chair thanked all those in attendance and noted that a video of the meeting, the Meeting Minutes and written responses to all the questions submitted by members would be available online within 4 weeks of the meeting.

The meeting was closed at 3:25pm.

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## QUESTIONS AND ANSWERS

### 1. Where does Centric's performance rate in relation to the leading Super funds over the last 2 years?

Centric Super operates on an investment platform providing a large range of investment options for members (in conjunction with their adviser) to select from. Many members create a personalised investment portfolio incorporating a diverse range of options and therefore investment performance for a member will depend on their individual investment selections.

The Fund also offers a range of trustee directed investment options (such as, for example Growth, Balanced, Conservative etc) within the Centric One Model. The Centric One models have performed well and in excess of their CPI plus benchmarks, as an example the Centric One Balanced Portfolio returned 9.56% to the end of December. This compares favourably to some of the large superannuation funds.

### 2. What is the Trustee doing for ethical and responsible investment?

This is an issue that is increasingly becoming important to our members. It is a common theme that is raised by members and one that the Trustee is seeking to enhance its position. The Trustee is in the process of developing an Environmental Social Governance (ESG) strategy and roadmap. Climate risk and decarbonisation have been identified as key areas of focus. As the Trustee of your Fund, we are committed to understanding how and when we have an impact on climate change.

We are developing strategies to reduce the environmental and carbon impacts of our own operational footprint and managing material environmental risks within our fund management and financial services businesses.

### 3. What is the Trustee's view on the possibility of a global financial crisis given the uncertainty in the world and the main downside risks for Super Fund's investments for the 2024-25 Financial Year?

Investing across different asset classes invariably involves taking some risk in order to achieve returns. It is always very difficult to predict what investment markets will do in coming periods. Some of the risks which will likely influence markets in due course include (but are not limited to) widening global conflict, a slowing of economic growth, sustained inflation and a global credit crunch. It is important that members select investment options that reflect their risk appetite and investment horizon.

Looking forward, many economists and market commentators are pointing out areas of risk and concern that could have impacts on future investment returns.

The Trustee is unable to predict or comment on future returns that may be achieved but notes that market volatility is a part of the economic cycle and returns are unpredictable.

To assist members, the Trustee seeks to provide a diverse range of investments with different risk profiles to enable members to select investment options that are right for them and their personal circumstances.

If you have concerns about selecting the investment strategy that is right for you, it's important to consider seeking professional financial advice tailored to your personal needs.

### 4. Will Centric's sustainability objectives significantly accelerate industry and Australian government action to reduce climate change?

While the Trustee is unable to comment on industry and government's action to reduce climate change, Centric Super's sustainability objectives are viewed as an important contribution to reduce the impact of climate change. Centric is committed to continue this contribution.



## 5. Why has member assets dropped so much?

In the last 2 years we have experienced an extraordinary chain of events with floods, still recovering from the COVID-19 pandemic, the war in Palestine and interest rate changes, all contributing to uncertainty and volatility.

In times of market volatility investment balances may decline, but it is important to remember that markets move in cycles. Volatility is a natural part of the economic cycle and markets are influenced by a range of factors and are inherently unpredictable.

Remember that for most investors, superannuation is generally a long-term investment of 20 years or more. When investing over the long term, your super investments will likely need to withstand the volatility produced by these cycles more than once.

It's important to understand your risk profile. All investments carry some risk. How much risk you're willing to accept will be influenced by your financial situation, family considerations, time horizon and even your personality.

The Trustee seeks to provide a diverse range of investments from which a member may select to provide choices as to the level of risk and volatility that's right for them.

If market volatility has caused you to reassess the way you feel about risk, it's important to consider seeking professional financial advice tailored to your personal needs. Please speak to your financial adviser to help with your personal investment needs.

Over FY23, Centric Super can confirm that overall, Fund assets have grown to \$3.7bn, from the 30 June 2022 position of \$3.2bn. The growth in assets is attributable to both inflows and market movements.

## 6. What is Centric's average fund admin % cost on a balanced portfolio and how does this compare to its Super competitors?

All Product Disclosure Statements (PDS) for superannuation funds are required to provide a worked example of fees and costs for a \$50,000 account balance. The table is prescribed wording in a PDS and must be shown across all superannuation PDS. The table will assist you compare superannuation products. It should be noted, that although Centric Super shows the Centric One Balanced Model, not all funds will show a balanced portfolio.

For Centric Super this information is based on the Centric One Balanced Model and can be found on page 6 of the current PDS (shown below)

**Example of annual fees and costs for a superannuation product**

This table gives an example of how the ongoing annual fees and costs for the Centric One Balanced Model for this superannuation product can affect your superannuation investment over a 1-year period. You should use this table to compare this superannuation product with other superannuation products.

EXAMPLE – Centric One Balanced Model		BALANCE OF \$50,000
Administration fees and costs	0.2939% p.a.	For every \$50,000 you have in the superannuation product, you will be charged or have deducted from your investment <b>\$146.95</b> in administration fees and costs.
<b>PLUS</b> Investment fees and costs	0.6265% p.a.	<b>And</b> , you will be charged or have deducted from your investment <b>\$313.25</b> in investment fees and costs.
<b>PLUS</b> Transaction costs	0.1305% p.a.	<b>And</b> , you will be charged or have deducted from your investment <b>\$65.25</b> in transaction costs.
<b>EQUALS</b> Cost of product		If your balance was \$50,000 at the beginning of the year, then for that year you will be charged fees and costs of <b>\$525.45</b> for the superannuation product.

**Note:** Additional fees may apply. Please see the *Fees and costs summary* table and footnotes for further details on applicable fees. The administration fees and costs shown above include an amount of 'Other Costs' of 0.0106% p.a. This amount is paid for by the promoter on behalf of the Fund and is not a direct charge to you.

It is important to note that other fees may apply. You should refer to the full disclosure in the PDS to gain a full understanding of the fees and costs and how they apply to your personal circumstances. The PDS is found at <https://www.centricwealth.com.au/super-pds.pdf>

The Trustee's annual member outcomes assessment compares administration fees against comparable products in the industry. The Trustee is comfortable that the fees and costs are consistent with market rates and therefore are appropriate having regard to members' best financial interests.

## 7. What is the outlook for equities in 2024?

Looking forward, many economists and market commentators are pointing out areas of risk and concern that could have impacts on future investment returns.

The Trustee is unable to predict or comment on future returns but notes that market volatility is a part of the economic cycle and returns are unpredictable.

To assist members manage this volatility, the Trustee seeks to provide a diverse range of investments with different risk profiles to enable members to select investment options that are right for them and their personal circumstances.

If you have concerns about selecting the investment strategy that is right for you, it's important to consider seeking professional financial advice tailored to your personal needs.

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