

AON MASTER TRUST: ANNUAL MEMBER MEETING

Date & Time	Monday, 13 December 2021	4.00pm – 4.40pm
Virtual venue	https://kapara.rdbk.com.au/landers/1be72a.html	
Attendees	Equity Trustees Superannuation Limited (ETSL) Board: Ellis Varejes, Mark Blair, Michael O'Brien, Sue Everingham, Paul Rogan, George Zielinski Jennifer Dean, Partner, Aon James Oliver (Deloitte, Fund Auditor) Saffron Sweeney (Aon, Fund Actuary) Attendees: 53 members and 3 guests	
Apologies	Tony Lally	
1. Commencement	At 4.00pm, Mark Blair 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	
2. Introduction and Welcome	Ellis Varejes (Chair of the Meeting) noted that a quorum of ETSL directors, Jennifer Dean, Partner from Aon, the Fund Auditor, James Oliver from Deloitte and the Fund Actuary, Saffron Sweeney from Aon were present at the meeting. The Director welcomed all members and attendees to the Annual Member Meeting of the Aon Master Trust (Fund).	
3. Chairman's message	The Chair of the Meeting spoke about the role of an independent trustee within the operation of a superannuation fund. This discussion included: <ul style="list-style-type: none">• An overview of ETSL;• The responsibilities of the Trustee;• ETSL's key role is to act in the best interests of members.	
4. Fund update	Mark Blair provided an overview of the Fund including: <ul style="list-style-type: none">• The size and structure of the Fund and the types of product offers provided to members including employer, individual and insurance only;• Key Trustee activity undertaken in FY21 including:<ul style="list-style-type: none">- Removal of conflicted remuneration;- Fee review- Investment updates;- Member engagement; and- Regulatory changes	



5. Key Themes	<p>Mark Blair addressed key investment themes including:</p> <ul style="list-style-type: none">• Member outcome assessments;• Investment market and Fund performance, along with the investment outlook;• Key insurance issues impacting on the Fund and in particular cost, availability and insurance terms.
6. Looking Forward	<p>Jennifer Dean provided an update on the management of the Fund looking forward including:</p> <ul style="list-style-type: none">• An overview of the smartMonday philosophy and how the Fund seeks to assist member outcomes;• An overview of the investment focus for member outcomes• An update on changes to the MySuper product• An overview of the digital transformation due to be delivered in 2022.
7. Questions	<p>Mark Blair and Jennifer Dean responded to 4 questions asked by members:</p> <ul style="list-style-type: none">• How is the Fund operating this year in terms of ROI, risk management compared with peers and historical performance?• How are we dealing with climate change risks and what will the impact be on renewables to future growth in super funds as we shift away from traditional energy sources?• Can I withdraw some of my super if I'm in financial hardship?• Is crypto currency currently any part of the Fund's investment strategy or is it to be in the future? <p>Written responses to these and other questions posed by members are attached to these Minutes.</p> <p>It was noted that it was not possible to respond to questions about a member's personal account or circumstances. The Fund administrator would seek to contact these members directly to address their questions.</p>
8. Closing remarks	<p>The Chair of the Meeting 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.</p> <p>The meeting was closed at 4.40pm</p>



QUESTIONS AND ANSWERS

1. How is the fund operating this year in terms of ROI, risk management compared with peers and historical performance?

The Fund has provided superior investment performance compared to its peer groups (as defined by the industry research house SuperRatings). For example, in the most recent performance tables which are to the 31st October 21, 9 of the 10 smartMonday Choice Super pre-mixed options, where pre-mixed means options which invest across several asset classes, outperformed the relevant peer group median return over 1 year on a net of investment fees basis.

The Trustee regularly reviews the Fund's performance across a range of risk factors against its risk management framework and we can confirm that the outcomes are within the Trustee risk tolerances.

2. How are we dealing with climate change risks and what will the impact be on renewables to future growth in super funds as we shift away from traditional energy sources?

While we are not able to make market or economic predictions regarding future growth, superannuation funds have a long history of investing in infrastructure and as the renewable energy sector grows there are likely to be greater opportunities for the Fund to invest in the sector.

The Fund allocates to managers who are required to evaluate a range of risks, including their assessment of the implications of climate change, before any investment is made.

3. What is the fund doing to adapt to climate change impacts and the need to transition rapidly to a net zero carbon world?

The Fund investment managers are required to evaluate a range of risks, including their assessment of the implications of climate change, before any investment is made.

All risks, including climate change, are managed in accordance with the Trustees Risk Management Strategy which underpins all investment and risk decisions made.

4. What is the fund doing to minimise the contribution to and risk of climate change?

Refer to Question 3.

5. When will you have a zero fossil fuel investment option?

At this stage we do not have plans to offer a zero fossil fuel option, however, we are regularly reviewing the investment options of the Fund.

6. Can I withdraw some of my super if I'm in financial hardship?

Early access to super is only available in very limited circumstances. There are strict government conditions governing eligibility to withdraw some of your super under severe financial hardship. There is more detailed information available on smartMonday at <https://smartmonday.com.au/smartmonday/media/smartmonday/docs/Factsheet-Financial-Hardship.pdf?ext=.pdf>

and on the ATO website



https://www.ato.gov.au/Individuals/Super/Withdrawing-and-using-your-super/Early-access-to-your-super/#Access_due_to_severe_financial_hardship

7. Is crypto currency currently any part of the Fund's investment strategy or is it to be in the future?

The Fund does not currently provide options that invest directly in cryptocurrency. The Trustee continues to assess the suitability of cryptocurrency as an asset for members. Recent volatility within cryptocurrency values has reflected the need to understand this asset further.

We are currently investigating crypto currency and its underlying structure as an investment opportunity. However, given that our members' interests are paramount and the associated volatility of crypto as an asset class, we are taking a wait and see approach until we can ascertain if there is a long-term growth trend and if it is a suitable option to invest in.

8. When will you allow members to apply for a Non-lapsing binding death nomination? Other superannuation funds have allowed this non-lapsing option.

The retail insurance products offered by the Fund currently allow for non-lapsing nominations while the smartMonday products currently apply a 3 year period after which nominations need to be updated. We recognise that there are pros and cons with the two approaches.

We are mindful of feedback we have received from members on this issue, and the Product Team will review this issue in full and consider a possible change to coincide with the next product update scheduled for the second half of 2022.

9. How are ethical investments performing?

We do not aim to implement dedicated ethical portfolios and cannot comment on their specific return as a result. Rather we believe ethical considerations should be embedded within the overall investment strategy where these can offer meaningful return benefits or reduce risk.

10. How does the fund position itself to deliver an ethical investment with strong returns in the long term?

Refer to Question 9.

11. What's next for AIA Vitality?

AIA Vitality is a product offered by AIA direct to individuals and is not a specific feature of any of the smartMonday products.

As AIA is our primary insurer we may in the future work with employers to see how this product may be made available to individuals through these partnerships. In the meantime you should visit <https://www.aia.com.au/en/individuals/aia-vitality.html> or contact AIA for more information.

12. Why do fund managers need to be retained to manage cash & fees associated with asset allocations?

The Trustee appoints investment managers to manage assets on behalf of its members. This applies to all asset classes, including cash, where the expertise is not available "in-house". Managers are selected to achieve a suitable level of returns using an acceptable level of risk.



The level of fees paid to the respective managers is reflective of the depth and the nature of the work undertaken. Due to the nature of the asset class, fees paid to managers of cash assets are traditionally lower than that of other asset classes.

13. Why does it take so long to produce the annual customer statement (eg 3 months)?

The production of annual customer (member) statements forms part of the annual review production process for the Fund. This is a complex process that also includes Fund level activities such as the production and audit of financial statements as well as the preparation and delivery of the Fund annual report.

The legislative guideline is that statements are issued within 6 months of the year-end closing date. For smartMonday this means that statements must be issued by 31 December. A statement run of 3 months or more for the Fund is to be expected and is consistent with industry practice and legislative requirements.

Some of the information that you will find on an annual statement will be shown on the online member portal. Although the content of the member on-line portal is not exactly the same as a printed member statement, you may also check your balance and transactions at any time throughout the year. If you need help with this please call our service centre on 1300 880 588.

Disclaimer:

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