



**MINUTES OF SPIRIT SUPER¹ ANNUAL MEMBER MEETING (AMM)
HELD ON THURSDAY 24 NOVEMBER 2022
Held via Member Zoom Session**

PRESENTERS:

Naomi Edwards	Chair
Jason Murray	Chief Executive Officer
May Lim	Acting Chief Finance Officer
Dr Ross Barry	Chief Investment Officer
Tim Lambert	Education Specialist and MC

PRESENT

Directors

Anne O'Donnell, Rhonda O'Donnell, David Smith, Geoffrey Lowe, Jessica Munday, John Mazengarb, Peter Savage, Sue Dahn, Susan Parr, Tom Lynch, Maria Wilton (Chair elect)

Executives and other attendees

Ningning Lyons, Alex Mehl, Yvonne Van Der Beek, Darren Gilby, Michael Berg (Actuary, Deloitte), Nicole Osborne (External Auditor, PwC)

Important

Please note, the presentations may include general financial advice which do not take into account Members' personal objectives, situation or needs. Before making a decision consider if the information is right for you and read the Product Disclosure Statement, available at spiritsuper.com.au/pds and the Target Market Determination (TMD) on the Spirit Super website. The presentations relate to the financial year ending 30 June 2022.

1. OPENING AND QUORUM

Mr Lambert opened the 2022 Spirit Super Annual Member Meeting (AMM) at 6.00pm and welcomed all Members and attendees present. He acknowledged the traditional custodians of the land and paid respect to their elders and confirmed that the proceedings of the meeting would be entirely online, and Members would be apprised of matters in relation to their superannuation (super) for the 2021-2022 financial period. He also noted that Members would have the opportunity to ask questions directly of the Board and the Executive team during the meeting. Mr Lambert noted that Directors, Executives, and the Fund's Auditor and Actuary were present, and he disclosed that the meeting would be recorded.

2. CHAIR'S ADDRESS

Ms Naomi Edwards welcomed all those present and thanked Members and Employers for joining Spirit Super's AMM, noting that she and the Executives of Spirit Super hoped the AMM will inform Members how Spirit Super managed their super in 2022 and what the future holds for Spirit Super.

¹ Motor Trades Association of Australia Superannuation Fund Pty Limited (ABN 14 008 650 628), Trustee of Spirit Super

Ms Edwards also welcomed Spirit Super's Trustee Directors, its employer representatives, industry representatives and service providers. She also welcomed and thanked the Executives and staff who joined the AMM, noting that their support and dedication were greatly appreciated and acknowledged that the AMM was just as important to them as it was to Members.

Ms Edwards highlighted the following for Spirit Super:

2022 has been another challenging year with interest rates and the cost of living going up. Many Members are adjusting to a new post-Covid work environment — a new way of life with new priorities and commitments.

The aim of everyone at Spirit Super is to make sure super is one thing Members don't need to worry about. Super is a long-term and crucial asset for Members and their families. During the merger, Spirit Super worked hard to ensure its transition was smooth and painless and to keep improving and providing outstanding service and results, both of which Spirit Super proudly achieved.

Spirit Super won many awards:

- In late 2021, Spirit Super's contact centre was named Most Consistent for Customer Experience by Customer Service Benchmarking Australia (CSBA): an award not just for super funds but across all industry contact centres in Australia.
- Spirit Super has been recognised for providing the best customer experience in super by CSBA through their SenseCX benchmarking report.
- In May 2022, independent market researcher Rainmaker awarded Spirit Super a AAA rating for outstanding value and service.
- Rainmaker also named Spirit Super a leader for its environmental, social and governance (or ESG) initiatives.

While awards were never the focus of Spirit Super, they are a great sign that Spirit Super continued to give Members the service and value they deserved.

In April 2021, Tasplan Super and MTAA Super merged to form Spirit Super, significantly increasing the funds under management, member base and national footprint, giving Spirit Super greater capacity and capability to better serve its Members and their super. This growth is essential so Spirit Super can continue to provide outstanding value and service.

Spirit Super continued to focus on cementing its position as a sustainable mid-sized fund, providing a distinct point of difference in the market as a clear alternative to the mega funds, valuing the meaningful and personal connections with Members and to protect that connection at all costs.

Importantly, Spirit Super is taking this experience well beyond its contact centre. For example, this year a new regional hub was established in Newcastle. This involved installing a local Business Development Manager dedicated solely to supporting Employers and Members in the Newcastle and Hunter region. Spirit Super sees this as a prime opportunity to offer excellent service and support to Members where they need it most — close to home. In the coming years, Spirit Super hopes to offer more regional connections, hands-on service, and advice to Members and Employers beyond the cities, putting Members at the heart of everything Spirit Super does.

Currently, Spirit Super manages over \$25 billion of Members' hard-earned retirement savings, investing this money in stocks, bonds, property, solar farms, childcare, infrastructure, and a huge array of diversified investments worldwide. Its goal is to protect and grow Members' super, so they can live a happy, secure, and dignified retirement.

Earlier this year, Spirit Super updated its Environmental, Social and Governance (ESG) strategy to focus on two core elements: integration and impact investing. Integration is about having clear and effective processes and policies to assess ESG risks when choosing and managing investments and ensuring it is investing in companies and technologies that have long-term viability and operate in harmony with the environment, community, and consumer expectations.

Impact investing is about seeking compelling investment opportunities that directly benefit social or environmental issues while providing great returns for Members. This includes supporting companies transitioning to a low-carbon economy, backing local innovation and manufacturing, and helping small businesses expand and create jobs.

At Spirit Super, investing is not only about generating greater financial security in retirement for its Members, but also for the benefit of society. While Spirit Super's primary goal is to grow and protect Members' super — there's more to life than just paying the bills. To live a happy, fulfilled and rewarding retirement, one needs healthy, connected and thriving communities.

Spirit Super supports several national awards and initiatives to recognise and celebrate individuals and organisations that help communities thrive. These include:

- The Australian Young Achiever Awards.
- The Tasmanian Department of Education's 'Together We Inspire' Awards, as well as a handful of others.
- Continuing to advocate for positive mental and physical health with national suicide prevention organisation R U OK?
- The Mother's Day Classic, Australia's largest fundraiser for breast cancer research.

Ms Edwards acknowledged that the first year after a merger is always challenging, but she was very proud that Spirit Super's team had shown themselves to be capable, flexible, and committed to looking after its Members.

On behalf of the Board, Ms Edwards acknowledged the outstanding contribution of all of Spirit Super's hardworking staff across the country. She noted that Members will hear from some of them, including Spirit Super's new CEO Jason Murray who has hit the ground running in his drive to improve member outcomes.

Ms Edwards conveyed a special thanks to former CEO, Ms Leeanne Turner, who finished up during the last financial year. Leeanne meant so much to many and her support of Spirit Super's motor trades Members was unwavering, she said.

She also thanked Spirit Super's Members, conveying a special thanks to all former Tasplan Super and MTAA Super Members and Employers who have joined Spirit Super on its journey. She noted that while Spirit Super's focus is always on the future, it will never forget where it came from. For over 30 years, it had supported the motor trades, promoting and backing their workers and apprentices. For over 100 years, it had supported the Tasmanian workforce as it strengthened communities and kept the State moving forward. This is a history Spirit Super is deeply proud of and committed to carrying forward.

She thanked all the new Members who joined Spirit Super throughout its first year noting they had joined at an exciting time, and she had no doubt Spirit Super will be a fund that Members will be proud to be a member of for many years to come.

Ms Edwards then welcomed Mr Murray to his first Spirit Super AMM and handed over to him.

3. CEO'S ADDRESS

Mr Murray welcomed everyone to the AMM, noting that he joined Spirit Super as a member and CEO in early 2022 and to be heading up Spirit Super was an immense honour and a privilege.

Super is the foundation of Members' retirement and gives them the means and confidence to fully embrace life after work. Spirit Super's teams work diligently to deliver exceptional products, services, education and advice to support Members to and through retirement.

Noting that he joined Spirit Super at both a challenging and an exciting time, Mr Murray highlighted that:

- Spirit Super now has over 325,000 Members and over 70,000 Employers.
- With Spirit Super's increased capacity, capabilities and a bold new vision, its focus now is to keep improving by listening to Members and finding new and better ways to improve its products, services, and advice so Members can have more in retirement, more security, more dignity and more choice about retirement lifestyle.
- Spirit Super is a high-performing fund over the long term, Platinum-rated with SuperRatings naming Spirit Super a "Best Value for Money Fund" for its Pension and MySuper offerings in 2022.
- Spirit Super's Pension and MySuper super products have received 5 Star ratings from the Heron Partnership and a 5 Apple rating (Highest Quality Fund) from data analyst firm Chant West.

Despite coming off record-high returns across 2021, the 2022 financial year was challenging for investors. Consequently, most super funds had negative returns last year. Persistent and heightened market volatility driven by high inflation, rising interest rates, global conflict (such as in Ukraine), and ongoing COVID-19 disruptions have caused significant downturns across local and international markets.

For the last financial year, Spirit Super achieved returns of -3.1% p.a. for the Balanced (MySuper) investment option and -3.60% p.a. for Spirit Super's Pension Balanced investment option. Only Spirit Super's Cash option posted positive returns, of approximately 0.2% for both accumulation and pension Members. While this was disappointing, it is important to remember that super is a long-term investment and Spirit Super's Chief Investment Officer, Dr Ross Barry, will go into more detail about this.

Members can be rest assured that Spirit Super is working hard to protect their super during these difficult times while also positioning itself to benefit when markets begin to recover. More importantly, Spirit Super's pre-mixed investment options continue to perform well across medium and long-term horizons.

As of 30 June 2022, Spirit Super's ten-year return average for its Balanced (MySuper) option was just under 8%, with its Pension Balanced investment option just under 9% p.a.

These are solid numbers, and Spirit Super is confident its investment strategy has Members well-placed to continue delivering great value. If Members are worried about their super or want to talk to someone about investment options, they could get in touch with Spirit Super's expert Superannuation Advisers who are on hand to offer personalised advice in person or over the phone at no additional cost — it's all covered by the admin fees Members pay. Members are urged to take full advantage of their membership benefits and reach out by calling **1800 005 166** to book an appointment with a Superannuation Adviser.

Mr Murray said that despite the challenging investment environment, there were highlights:

In April, Canberra-based tech company Instaclustr was sold to a Nasdaq-listed company for over A\$700 million. As an early-stage investor, Spirit Super benefited greatly from its sale and have put those profits back into Members' retirement savings. This investment also helped create over 200 jobs and supported the development of industry-leading technology in Australia and it is perfectly aligned with Spirit Super's updated Environmental, Social and Governance (ESG) strategy, the key to this strategy being "impact investing" as mentioned by the Board Chair.

An excellent example of this strategy at work, is Spirit Super's purchase of Parliament Square in Hobart in December 2021, a quality property asset underpinned by strong long-term leases, creating over 100 local jobs and reinvigorating the local economy.

As a medium-sized fund, Spirit Super has the agility and the will to take advantage of these assets to secure long-term value for its Members' super.

Earlier this year, Spirit Super was awarded a Rainmaker ESG Leader Rating. This rating is earned by Australian super funds that perform ESG principles to a high level while also maintaining a strong investment performance. With less than 20% of funds having this rating, this award shows Spirit Super's commitment to investing in its Members and the communities they live in now and in the future.

While the Government did not make any significant announcements about super in the 2022 Budget, some significant changes announced in previous years did come into effect on 1 July 2022, such as the increase of the Superannuation Guarantee (SG) from 10% to 10.5% which means Members now get a little extra super each pay and it also means that the official SG rate is on track to continue rising by 0.5% each year until it reaches 12.0% on 1 July 2025. Another change was removing the \$450 minimum threshold to earn super which will give all workers better access to super and is an essential step towards improving the welfare of casual and part-time employees providing financial security to more hard-working Australians in retirement — which is at the heart of what super is all about.

As Members may be aware, Spirit Super recently entered into a non-binding Memorandum of Understanding with CareSuper to explore a possible merger. This is an exciting opportunity for both funds. Rest assured, that before any decisions are made to merge, both funds will undertake a detailed due diligence process to make sure that this opportunity is in Spirit Super Members' best financial interests. There are no impacts or changes to Spirit Super's products or services, and Members will be kept informed once this process is complete.

Closing with some acknowledgements, Mr Murray said that at the end of this year, Spirit Super will be farewelling its Chair Ms Naomi Edwards, who after almost 12 incredible years with Tasplan Super and Spirit Super, is retiring from the Board. Ms Edwards has been a huge influence in making Spirit Super the Fund it is today. She has guided the Fund with a steady hand through change, challenges and opportunity and will be sorely missed here at Spirit Super. He wished Ms Edwards all the best with her future endeavours and thanked her for her dedication and inspiration to Spirit Super and its Members.

He also thanked the Spirit Super Board, its Executive Team, staff and service providers for their hard work, dedication, and professionalism throughout the year and last, but certainly not least, he thanked Spirit Super's Members and Employers for their continued loyalty and support noting that they were at the heart of everything Spirit Super did, and they were the reason Spirit Super continued to get better every year and said he looked forward to continuing on this super journey with its Members.

4. ACTING CFO ADDRESS - FINANCE UPDATE

Ms May Lim presented Spirit Super's financial results for the year ending 30 June 2022. She noted that:

- this year's report covered Spirit Super's first full financial year since the MTAA Super and Tasplan merger in early 2021. So, all the figures are 100% about Spirit Super.
- Spirit Super's detailed financial statements are available on its website. An abridged version is also included in Spirit Super's Annual Report. Historical financial results for both MTAA Super and Tasplan are available on the website too.
- all Spirit Super's financial statements are audited by its external auditor PricewaterhouseCoopers.

Over the last financial year, Spirit Super achieved a number of positive results, two main areas being:

- the continued management of operating expenses, which is all about ensuring expenditure is in Members' best financial interests; and
- ongoing savings arising from the merger, which is about how Spirit Super has managed to keep its fees low while dealing with increased costs, particularly compliance costs.

For the financial year ending 30 June 2022 Spirit Super finished with just over \$25 billion in funds under management which was a reduction of \$1Bn in funds under management compared to 30 June 2021. This was due mostly to negative investment returns across the year, despite which Spirit Super recorded positive net inflows from Members of \$344M into the Fund over 2022.

One of the many positives of the recent merger has been Spirit Super's ability to pass on savings to Members through increased scale and efficiencies.

In April 2021, Spirit Super's administration fee was reduced, from \$1.50 per week to \$1.30 per week. Investment fees for most investment options have also decreased since the merger. After a full year of operations, these fee reductions have been maintained, despite rising costs in other areas.

Regulatory changes introduced in 2022 came with new compliance requirements and new costs to meet those requirements. At Spirit Super those obligations were met with minimum impact on Members' accounts by managing expenditures prudently to keep costs to a minimum and by updating Spirit Super's trust deed to allow a trustee fee to be charged. This is not currently taken from Members' accounts but from Fund reserves. As a result fees charged to Members' accounts haven't changed.

Spirit Super's policies and processes continue to be enhanced to ensure that any expenditure is justified and that Spirit Super always acts in Members' best financial interest.

Since the merger, funds under management have grown to \$25bn, and membership has increased to 325K. Naturally, operational costs have grown too.

The 2021 operating and administration expenses included a one-off \$7.5M merger cost. 2022 did not include any material merger-related costs. It also didn't have any administration costs, as the Fund is now administered in-house.

A new expense in 2022 was approximately \$2M for initiatives focusing on enabling technology and member growth and retention strategies. These initiatives help deliver long-term positive outcomes for Members through continued growth and service improvements.

At a total Fund level, investment expenses significantly increased in 2022, rising by \$64M mainly because Spirit Super is a much bigger fund with a more significant investment portfolio. Importantly, investment costs for many of Spirit Super's investment options continue to drop, so even though investment costs as a Fund have increased, Members are paying less individually. That is the big advantage of Spirit Super's increased scale.

Members and their retirement outcomes continue to be the primary focus for Spirit Super and Spirit Super is well-placed to continue managing ongoing regulatory and economic changes keeping costs low.

5. CIO ADDRESS - INVESTMENT UPDATE

Dr Barry addressed the meeting and provided a summary of Spirit Super's investments over the past twelve months. He highlighted that:

- 2022 was a tough year for investments due to an uncertain global environment
- inflation increased significantly around the globe with central banks raising interest rates
- markets were volatile due to Russia's invasion of Ukraine and energy concerns
- trade tensions with China escalated.

Dr Barry noted that financial markets have not been immune to the confluence of significant developments around the world and detailed how that had impacted Spirit Super by demonstrating the impact on a dollar invested in Spirit Super in the various investment options.

- defensive assets fell by over 10%
- Australian equity share market suffered significant declines
- Australian share market performed reasonably well compared to other markets
- Global share markets were down over 17%.

Despite Spirit Super's Balanced option being invested in these asset classes:

- the Balanced Fund had performed well and was able to restrict losses to a fairly limited amount returning -3.1% p.a.
- Spirit Super was able to almost preserve the value of its Conservative Option noting that a large portion of that portfolio is invested in cash and bonds, which are naturally defensive asset classes, but bond portfolios also suffered in the latest sell-off.
- the Growth Option also held up reasonably well considering it has 70% or more in Global and Australian Shares.

To try to immunise its portfolios from some of the shocks, Spirit Super;

- diversifies its portfolios as the first line of defence
- actively manages its portfolios through external investment managers who undertake active security selection taking active risks where they have most conviction
- undertakes active asset allocation
- undertakes active de-risking of the portfolio to mitigate losses.

Another important thing that Spirit Super does is to invest in a portfolio of high quality, unlisted assets such as property and infrastructure. Some of the stronger performing assets were:

- the RG Casey Building, returning 30.6%
- the significant infrastructure investment in Flinders Port in South Australia which performed very well returning 14.5%
- Instaclustr, a Venture Capital investment which performed extremely well at a very volatile time and from which Spirit Super exited and gained a return of 206.7%, providing a good example of impact investing. It generated over 200 jobs in the ACT and is now a leading global tech company.

Referring to Instaclustr, Dr Barry said it was Members' retirement savings that enabled its success, not only from a risk returns perspective, but generating very strong socio-economic impacts. Spirit Super Members can take comfort knowing their money is being put to work in such opportunities.

Super is about winning the long game, Spirit Super is focussed on the long term, and notwithstanding the very difficult period over the last financial year, Spirit Super's returns over longer time frames of 3, 7 and 10 years have been strong with the Balanced Fund's return over the last 10 years at 7.61% and that included the return from the last financial year.

In comparing Spirit Super's performance against some of its peers in the SuperRatings universe of super funds, Spirit Super significantly outperformed the SuperRatings median fund over 7 years, across the Conservative, Balanced and Growth options as well as the other options.

Dr Barry presented an example of how even a small value add can have a major impact on a member's retirement savings and why Spirit Super was very focussed on the long term return.

On the very topical subject of ESG and expanding on what was said earlier, Dr Barry said that Spirit Super has an ESG Integration and Impact Strategy which reviews the environmental, social and governance risk factors on new and existing investments. Spirit Super has been an active investor in renewables and focusses on the broader socio-economic benefits in its investments by:

- Integrating ESG considerations into the investment risk framework
- Directly investing in assets expected to benefit from the transition to a carbon neutral economy
- Supporting economic development and job creation in regional communities.

6. QUESTIONS (asked during the meeting) AND ANSWERS

Members' questions were answered by the Chair and Management team. These are at Attachment 1.

7. MEETING CLOSE

Mr Lambert thanked everyone for attending the AMM and closed the meeting at 7.30pm.

A handwritten signature in blue ink, appearing to read 'Maria Wilton', with a stylized flourish at the end.

**MARIA WILTON
CHAIR, SPIRIT SUPER**

Date: 19 December 2022