

Guild Retirement Fund Annual - Members' Meeting Minutes

Date: 3 December 2020

Time: *11am – 12pm
(AEDT)


Agenda:

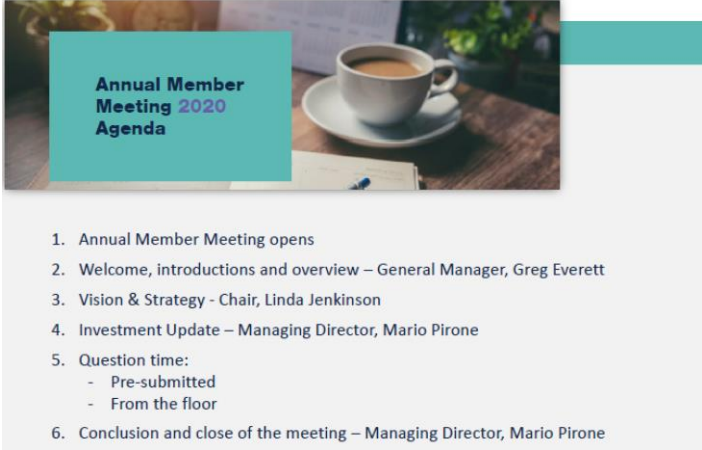

1. Annual Members Meeting opens
2. Welcome, introductions and overview – General Manager, Greg Everett
3. Vision & Strategy – Chair, Linda Jenkinson
4. Investment Update – Managing Director, Mario Pirone
5. Question time:
 - Pre-submitted
 - From the floor
6. Conclusion and close of the meeting – Managing Director, Mario Pirone

**Guild Directors,
Executives and other
official roles:**

- **Linda Jenkinson**, Non-Executive Director and Chair Guild Retirement Fund.
- **Mario Pirone**, Chief Executive Officer and Managing Director Guild Retirement Fund.
- **Greg Everett**, General Manager Guild Trustee Services.
- **Keri Pratt**, Non-Executive Director Guild Retirement Fund.
- **Nick Panayiaris**, Non-Executive Director Guild Retirement Fund.
- **Rebekah Dunn**, Head of Implemented Consulting Russell Investments.
- **Hayley Watson**, Partner Financial Services Ernst & Young.

**The Minutes consist of meeting transcript of key aspects of presentations, questions and answers.*

| # | | Presenter |
|----|---|---|
| | <p><i>*Note: A delay in meeting time commencement was due to technical issues with video conferencing bridge and webcast platform support, led by external service provider Link Market Services – Corporate Markets.</i></p> | |
| 1. | <p>Start Time: 11:17am</p> <p>Event Welcome and Welcome to Country</p>  <p>Mr Everett, General Manger as the host of the meeting acknowledged the traditional custodians of the land and paid his respects to the Elders past, present and emerging.</p> <p>Mr Everett, welcomed the members to the inaugural Guild Retirement Fund Annual General Meeting and acknowledge that this meeting is being held on the traditional lands of the Wurundjeri people of the Kulin nation and pay our respects to elder's</p> | <p>Greg Everett General Manager</p> |

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| | <p>past, present, and emerging. A warm welcome also to any past /or currently serving members of the Australian Defence Force to the meeting.</p> <p>Mr Everett opened and commenced the meeting and apologised for the slight delay due to technical issues.</p> | |
| <p>2.</p> | <p>Introduction</p>  <p>1. Annual Member Meeting opens 2. Welcome, introductions and overview – General Manager, Greg Everett 3. Vision & Strategy - Chair, Linda Jenkinson 4. Investment Update – Managing Director, Mario Pirone 5. Question time: - Pre-submitted - From the floor 6. Conclusion and close of the meeting – Managing Director, Mario Pirone</p> <p>Mr Everett introduced the Trustees of the Fund:</p> <ul style="list-style-type: none"> ▪ Ms Linda Jenkinson, Chair ▪ Ms Keri Pratt, Non-Executive Director ▪ Mr Nick Panayiaris, Non-Executive Director; and ▪ Mr Mario Pirone, Managing Director. <p>Noting the Guild Retirement Fund Audit Partner was also in attendance, Ms Hayley Watson from Ernst & Young as well Ms Rebekah Dunn, Investment Consultant from Russell Investments.</p> <p>Mr Everett as the General Manager of the Fund clarified the order of the meeting and presentations to follow.</p> | <p>Greg Everett General Manager</p> |
| <p>3.</p> | <p>Fund Overview</p>  <p>Key points included:</p> <ul style="list-style-type: none"> ▪ Guild Retirement Fund is made up of GuildSuper, Child Care Super, and GuildPension members. The Fund has over 80,000 members in total and over \$1.9 billion in funds under management as at the 30 June 2020. Guild Retirement Fund is one of the fastest growing funds in Australia and has a very unique membership base. Pleasingly, as at 30 November 2020 the funds under management had grown to \$2.1 billion. The Guild Retirement Fund is a unique fund with over 85% of | <p>Greg Everett General Manager</p> |


its members are women, which is the highest percentage of any fund in Australia and this is the cornerstone of our vision and our strategy.

- Mr Everett noted that over the course of the year, over 16,000 new members joined the Guild Retirement Fund. With over \$280 million in contributions into the Fund from employers and members and over 19,000 employers contributed to either GuildSuper or Child Care Super on behalf of our members over the course of the year.
- The Guild Retirement Fund had a very successful year in 2020 winning a number of awards. It would be pleasing for our members to note that your Fund is rated 5 apples or the highest quality fund by an independent rating agency which is Chant West.
- Mr Everett was delighted to add that the Guild Retirement Fund was also awarded the Chant West 'Best Fund Innovation' across all Australian superannuation funds and noted as a finalist in the Chant West 'Specialist Fund of the Year' category. This represents and reflects the fact that Guild Retirement Fund is a specialist fund serving a unique membership and doing it in a specific way and delivering great outcomes for those members. In addition, the fund won the 'Best Fund Innovation' award at the World Pension Summit awards last November.

Mr Everett then introduced Ms Linda Jenkinson, Chair of the Board to talk further to the cornerstone of the funds vision and strategy by having highest percentage of women members of any fund in Australia.

4. **Vision**

Vision – To be the Fund that Changed the Future for Women and their Families



Understanding Claire helps us develop solutions that will improve her future

- \$17,761 Super balance at age 34
- \$148,000 Projected balance at age 67
- 34 years old
- Married
- 1 child
- 50% chance Claire will spend at least 4 years out of the workforce to care for family members
- 80% chance Claire will not prepare a Will
- 12 job changes in her career
- Claire may return to work in a part time or casual role
- 57% chance any savings Claire has are less than \$50K
- 44% chance Claire will not have any savings outside of super

Get to know CLAIRE
Our typical member

Ms Linda Jenkinson, Chair of the Board thanked Mr Everett for his introduction and stated that she was delighted to present to the members in the meeting.

Key points included:

- Ms Jenkinson commented that the vision with GuildSuper is to be the fund that changed the future for women and their families. Three years ago, we identified that more than 70,000 of our members were women. Looking at the current trends for females in Australia more than half retire with less than half of the balance of Australian men. Today, as women retire, they are becoming the fastest growing demographic of homelessness in Australia. GuildSuper decided that we really wanted to try and make a change and come up with a way of addressing that.
- Ms Jenkinson introduced what has been identified as a typical member in the fund. The majority of our new members come from the pharmacy and childcare segment and most of them are young women. This profile has been named and is called "Claire". Claire is typically 34, married with one child, and often intending to have another. Across her working life she will, on average, take four years out of the workforce to care for children or elderly parents. When "Claire" does return to work it's typically in a part time or casual role. The impact of this on her retirement is

Linda Jenkinson
Chair

that Claire retires with, on average, \$150,000 at the age of 67. This is well below benchmark – to provide enough savings for a modest retirement in Australia today. Claire knows that she’s not saving enough but with a tight household budget there really isn’t an option. We saw many funds going to Claire and trying to convince Claire to save more but that’s just not an option.

- GuildSuper decided to take a different approach by inventing ‘SuperSuper’. SuperSuper is a way of saving money by using a rewards program.

5.

Vision (continued)

Greg Everett
General Manager

SUPERSUPER – Changing Claire's Future

If Claire was to spend a quarter, half or all of her weekly shopping through SUPERSUPER (without spending more than she already does or giving anything up), she could add as much as an extra \$105,935 to her retirement savings.







Figures at right are based on 34 year old, \$34,011 p.a. salary, current super balance \$17,761, retirement age 67, household spending of \$633.00 per week, average SUPERSUPER reward calculated at 7.50%, Contributions of 10% (total 10% contribution and 10% employer match), 4.00% p.a. gross return, 1.00% yearly fee on balance, insurance premiums not included, 2% p.a. price inflation and 3.2% p.a. wage inflation. Figures are displayed in dollars.

Mr Everett explained that due to technical difficulties he would continue the presentation on Ms Jenkinson’s behalf.

- Mr Everett provided an example: if “Claire” could contribute an extra \$1,000 by spending that \$400 a week and saving the money directly into her superannuation through the program over the course of Claire’s working life, so between 33 and 67, this would equate to over \$100,000 into her superannuation which is significant for Claire. Claire was initially on track to retire with \$150,000 before SuperSuper., Claire can now retire with over \$250,000 into her superannuation.

Guild Retirement Fund / Guild Trustee Services – 2019/20 year in review

Transforming Your Fund

-  Changing Administration and Technology Services to deliver leading digital solutions
-  Changes to MySuper Product to further improve Claire’s balance at retirement
-  Implementing Regulatory Change
-  Strategic intent over the next three years
With our commitment to helping women and their families with improved retirement outcomes, we will become Australia’s leading digital super fund – delivering digital-led solutions to our members and employers.

- Mr Everett added that SuperSuper was not the only initiative for Guild Retirement Fund within the past year. The fund had also looked to improve the products and services that were on offer to “Claire”. Aiming to reduce fees that “Claire” pays on her superannuation which have delivered throughout the course of the last 12 months. Mr Everett stated that the fund is very committed to continuing to deliver better services to our members.
- Mr Everett noted that during the course of 2019/2020 the fund had embarked on a major transformation of the fund’s administration and technology platforms.

| | <p>The General Manager, Mr Everett stated that he would like to acknowledge the efforts that have been made by the members - many of whom are in childcare and pharmacy which are frontline industries impacted by the pandemic this year.</p> <p>Mr Everett concluded that he was excited for the future of the fund and ensuring successful outcomes for the members.</p> <p>Mr Everett introduced Mr Mario Pirone, Managing Director to present to the investment update.</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|--|--|--|---|-----------------------|----|----|----|-------------------|----|----|----|--------------|--|---|---|-------------------------|--|---|---|-------------------------|--|-----|----|--------------------|--|--|----|----------------------------|--|--|---|--------------------------------------|--|--|----|----------------------------|--|--|----|--|----|----|-----------|---|
| 6. | <p>Investment Update</p> <p>MySuper Life Stages</p> <p>Investment strategy for MySuper Life Stages was changed in February 2020 to increase allocation to growth assets to better support members in their retirement</p> <table border="1" data-bbox="352 775 868 1088"> <thead> <tr> <th></th> <th>Life Stage 1: Members under 25 years old</th> <th>Life Stage 2: Members aged between 25 and 59</th> <th>Life Stage 3: For members Over 60</th> </tr> </thead> <tbody> <tr> <td>Australian shares (%)</td> <td>50</td> <td>44</td> <td>28</td> </tr> <tr> <td>Global shares (%)</td> <td>50</td> <td>45</td> <td>28</td> </tr> <tr> <td>Property (%)</td> <td></td> <td>6</td> <td>4</td> </tr> <tr> <td>Growth alternatives (%)</td> <td></td> <td>5</td> <td>9</td> </tr> <tr> <td>Total growth assets (%)</td> <td></td> <td>100</td> <td>69</td> </tr> <tr> <td>Fixed interest (%)</td> <td></td> <td></td> <td>15</td> </tr> <tr> <td>Defensive alternatives (%)</td> <td></td> <td></td> <td>6</td> </tr> <tr> <td>Cash and money market securities (%)</td> <td></td> <td></td> <td>10</td> </tr> <tr> <td>Total defensive assets (%)</td> <td></td> <td></td> <td>31</td> </tr> <tr> <td>Increase to Growth Assets in February 2020</td> <td>+4</td> <td>+9</td> <td>No change</td> </tr> </tbody> </table> <p>Mario Pirone, the Managing Director thanked Mr Everett for his introduction.</p> <p>Mr Pirone firstly commented on the current state of investment markets:</p> <ul style="list-style-type: none"> Noting that prior to COVID-19 most investment markets continued the momentum that they had from the end of 2019 to reach their peak in mid-February 2020. Markets then reacted negatively in anticipation that COVID induced containment measurements would have a significant negative impact on economic growth, businesses, and individuals. Share markets sold off heavily within Australia and overseas. Central banks reacted by reducing interest rates to extraordinarily low levels. Governments also introduced stimulus payments and amended fiscal policies to provide support to businesses and individuals. Investments markets reacted positively to the government's actions and have been more positive since late March. The global economy is recovering, and the recovery will be turbulent. However, there are some industries facing difficulties such as airlines, retail, hospitality and tourism. Mr Pirone noted that the markets reacted both positively on emerging news on the progress of a vaccine /or negatively when there have been second and third waves resulting in large scale shutdowns. The Australian stock market fell by 36% from 19 February to 23 March, one of the fastest falls ever recorded. Pleasingly, as of 30 November the market has recovered and now sits up 0.4 of 1% for the calendar year. The US market which is driven by a smaller number of huge tech stocks such as Amazon, Netflix, Apple, and Facebook have already fully recovered and are now trading above their pre-COVID levels. Mr Pirone then referred to the presentation slide on investment returns. He reminded MySuper members, that the fund has invested their super depending upon their age into three distinctive life stages. Ensuring we invest more into growth assets when members have a long way to go until their retirement so members will have more when they retire. With interest rates at all-time lows and expected to | | Life Stage 1: Members under 25 years old | Life Stage 2: Members aged between 25 and 59 | Life Stage 3: For members Over 60 | Australian shares (%) | 50 | 44 | 28 | Global shares (%) | 50 | 45 | 28 | Property (%) | | 6 | 4 | Growth alternatives (%) | | 5 | 9 | Total growth assets (%) | | 100 | 69 | Fixed interest (%) | | | 15 | Defensive alternatives (%) | | | 6 | Cash and money market securities (%) | | | 10 | Total defensive assets (%) | | | 31 | Increase to Growth Assets in February 2020 | +4 | +9 | No change | <p>Mario Pirone Managing Director</p> |
| | Life Stage 1: Members under 25 years old | Life Stage 2: Members aged between 25 and 59 | Life Stage 3: For members Over 60 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Australian shares (%) | 50 | 44 | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Global shares (%) | 50 | 45 | 28 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Property (%) | | 6 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Growth alternatives (%) | | 5 | 9 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total growth assets (%) | | 100 | 69 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fixed interest (%) | | | 15 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Defensive alternatives (%) | | | 6 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Cash and money market securities (%) | | | 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Total defensive assets (%) | | | 31 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Increase to Growth Assets in February 2020 | +4 | +9 | No change | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

stay there for a long period of time members cannot depend on these assets to help them accumulate sufficient assets in a way that is going to provide them with strong funding in retirement.

- Mr Pirone noted that many of our members are working longer than they've ever done and will depend more on their retirement funds than ever before. With life expectancy being higher than it has been in the past we also know that members will depend on their investment earnings for longer. The three life stages are Life Stage 1; is invested 100% in Australian and Global shares and is suitable for those members 25 years and younger. Life Stage 2; is invested 100% in shares, property, and other growth assets and is suitable for members aged 26 to 59. Then there's Life Stage 3, invested 69% in growth assets for members aged 60 and above.
- Mr Pirone stated that earlier this year the fund has increased the allocations of growth assets for all members aged 59 and below in Life stages 1 and 2. The fund analysis showed all would be better off in the long term by making this change. MySuper members who are over 60 are invested in Life stage 3. As these members head towards their retirement it becomes more important that their account is protected from suffering too large of losses as they arrive at retirement and consider their options in assessing their super.
- Mr Pirone then noted that younger members are able to manage short term fluctuations in their accounts as they have more time to make up any temporary losses, older members are more likely to begin to withdraw their money from their accounts and it is important they not experience any large fluctuations that may result in actual losses as they exit their fund and enter into retirement. For this reason, Life stage 3 is invested in a very balanced way. It includes more defensive assets like government bonds and cash to help cushion the volatility of the assets like shares and property. The growth assets that are required to ensure that these members' balances do continue to grow over time because investing doesn't stop with retirement. Once you do retire you are likely to continue to invest in some way as you need to fund your living for another 10 to 20 years.
- Mr Pirone then addressed the impacts of investment fees during this time of change. Mr Pirone was pleased to advise that when the fund made the series of changes to the Life stages earlier this year it was able to reduce investment fees for all members in life stages 1, 2, and 3. For all other members the fund provided them a choice where they want to invest their support - this means they can increase or decrease the level of growth assets in their portfolio and that this is referred to as MyMix. Mr Pirone added that during 2021 the fund will consider what more it can do to improve the choices we've provided members that have opted for MyMix products.


Performance Compared to Return Objectives

MySuper performance for the 2019/2020 Financial Year

| | 3 yr. (% pa) | 5 yr. (% pa) | SI (Oct 2013) (% pa) |
|---------------------|-----------------|-----------------|-------------------------|
| Life Stage 1 | 5.2 | 6.2 | 7.3 |
| CPI + 4% | 5.0 | 5.2 | 5.4 |
| | +0.2 | +1.0 | +1.9 |
| Life Stage 2 | 5.2 | 5.6 | 6.4 |
| CPI + 4% | 5.0 | 5.2 | 5.4 |
| | +0.2 | +0.4 | +1.0 |
| Life Stage 3 | 4.9 | 5.0 | 5.5 |
| CPI + 2.5% | 3.5 | 3.7 | 3.9 |
| | +1.4 | +1.3 | +1.6 |

MyMix performance depends on the MyMix options you have chosen to invest in

* Returns are net of fees.

| | | |
|----|---|---|
| | <ul style="list-style-type: none"> ▪ Mr Pirone was pleased to report that for MySuper members the fund has met its return objectives and providing commentary to the slide shown on screen - MySuper three life stages over three- and five-year timeframes when compared to their return objectives. It is important that your investment earnings are enough to ensure that you can grow your super account as much as possible. This is why the Life stages are invested with the aim of growing members' superannuation as they age and accumulate their super. We see that over the long term each Life stage is on track to achieve their investment goals and help members in accumulating their retirement funds. For MyMix, performance depends on the MyMix options members have chosen to invest in. Member should refer to their individual statements. ▪ Mr Pirone stated that he expects that governments will continue to commit doing what they can to support individuals, companies, and their respective economies. Meaning that the environment of very low interest rates will remain for the foreseeable future. This will impact asset values and prospective returns and perhaps not always in the way that it expected. He also stated that while we cannot know what the future holds what we do know is that in periods of uncertainty there is a much higher chance of market volatility as investors try and make sense of what the uncertainty means for them and their portfolios. ▪ Mr Pirone added that the fund is committed to continually reviewing and monitored the current markets to ensure that the members are invested in a risk controlled way to help them stay on track so that they can meet their retirement objectives in the long run. <p>Mr Pirone thanked the members for their support and re-introduced Mr Everett, General Manager.</p> | |
| 7. | <p>Member Questions & Answers</p>  <p>Question 1</p> <p>Mr Everett addressed the one pre-submitted question:</p> <p>“Recently I was contacted by a number of financial brokers who requested the ability to look into my superannuation so what eventuated was that the financial consultant indicated that the fund is extracting higher admin fees and also that the funds would perform better – or that other funds would perform better”.</p> <p><i>Mr Everett slightly paraphrased the question for Mr Pirone to respond by stating:</i> “Why should this member stay with us, are our fees too high, what are we doing to improve the member’s financial outcome”?</p> <p>Response to Question 1 from Managing Director</p> <p>Mr Pirone, firstly thanked the member for the question and noted that returns over the past five years to 30 June 2020 in all MySuper life stages as compared to other funds are either second or third quartile; and concluded the performance has</p> | <p>Greg Everett General Manger & Mario Pirone Managing Director</p> |

| | | |
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| | <p>therefore been adequate. However, Mr Pirone noted that the fund will always strive to do better and is embarking on a major project over the next 12 months to reduce investment fees further than it has in 2020 while maintaining market returns.</p> <p>Mr Everett then invited members to submit any further questions via GuildSuper website due to technical issues.</p> <p>Question 2:</p> <p><i>Why are you leaving Mercer and where are you going to?</i></p> <p>Response to Question 2</p> <p>We want to transform our fund into Australia’s leading digital super fund – delivering digital-led solutions to our members. We have selected IRESS, as our key technology partner to drive this business transformation. IRESS is a global technology provider in Financial Services and has established Superannuation registry systems used by the some of the largest funds in Australia. A key factor in our decision-making was the ability to have unfettered, 24/7 access to our data, to tailor our customer experiences and offer industry leading digital products and services including our award-winning product SUPERSUPER to our members.</p> <p>Question 3:</p> <p><i>Does the fund have sufficient scale to meet APRA's sustainability threshold?</i></p> <p>Response Question 3:</p> <p>Scale & Sustainability metrics based on the APRA Annual Fund-level Superannuation Statistics for June 2019 demonstrate that the fund is above benchmark in 5 out of the 7 metrics for our MySuper product. The fund has amongst the strongest net member growth in the industry. The fund also has strong positive net cash flow ratios over 3- and 5-year periods. Additionally, the fund has a high percentage of active members. These factors demonstrate the long-term viability of the fund.</p> | |
| 8. | <p>Conclusion</p> <p>In conclusion, Mr Pirone thanked the members for entrusting the Guild Retirement Fund with managing their superannuation. Mr Pirone reiterated that the Board and Management shall always be open and transparent and always look for opportunities to support the members in their retirement.</p> <p>On behalf of the Board, Mr Pirone wished the members the very best for the festive season ahead and a prosperous 2021.</p> <p>Meeting concluded at 11:40am Australian Eastern Daylight Time.</p> | Mario Pirone Managing Director |