



TRANSCRIPT OF THE INAUGURAL ANNUAL MEMBER MEETING OF SUNCORP SUPER

VENUE: 10 Shelley Street Sydney and via livestream at <https://agmlive.link/suncorpsuper20>
DATE & TIME: Wednesday 17 March 2021 3:00pm (Sydney time)

Important information

This is the Transcript of the inaugural Annual Member Meeting (“**AMM**”) of Suncorp Portfolio Services Limited ABN 61 063 427 958 AFSL 237905 as trustee for the Suncorp Master Trust ABN 98 350 952 020 RSE Fund Registration No R1056655 (“**Suncorp Super**”). Suncorp Portfolio Services Limited is a related body corporate of Suncorp Group Limited ABN 66 145 290 124.

The AMM, including the presentation, transcript, questions and answers session and Minutes may include general information only and does not consider your personal objectives, financial situation and/or needs.

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^Past investment performance is not a reliable indicator of future investment performance. Investment performance is based on SuperRatings’ ranking of 50 balanced (60 -76) superannuation investment fund performances over 1 year and 3 years to 31 December 2020 (Source: Top 10 Super Funds – SuperRatings and Fund Crediting Rate Survey December 2020 (SuperRatings Survey)). Investment funds compared are a diversified fund option with a growth assets ratio between 60% and 76%. Returns are calculated net of taxes and fees such as the investment fee, implicit asset-based administration fees and applicable indirect costs and are gross of explicit fees such as fixed dollar administration fees and switching fees. Other costs such as contributions taxes and any discretionary ongoing fees such as insurance fees are not considered. The median 1yr return is calculated based on the returns of 50 investment funds ranked by SuperRatings (Source: SuperRatings Survey).

Before making any decision about investment options, we recommend that you speak to a financial advisor.

*Refer to Ratings and Awards - Super Fund (lonsec.com.au) for more information about what assessment criteria is currently applied and what a ‘Gold’ and ‘Platinum’ ratings means. SuperRatings Pty Ltd ABN 95 100 192 283, AFSL 311800 does not issue, sell, guarantee or underwrite Suncorp super products.

The AMM relates to the financial year ended 30 June 2020. Please remember investment returns are not guaranteed and past performance is not a reliable indicator of future returns. For further details about investment options including applicable fees, please speak to a financial adviser.

A copy of the AMM videorecording, AMM transcript, presentations, questions and answers addressed during the meeting and other information can be found at: <http://suncorp.com.au/super>

Start of Transcript

Jennifer McSpadden: Good afternoon Members and welcome to the inaugural Annual Member Meeting of the Suncorp Master Trust for the year ended 30 June 2020. I'm Jennifer McSpadden, Executive Member Manager [sic] Proposition and Innovation and I'm your moderator for this afternoon's proceedings. I'd like to start by acknowledging the traditional owners of the lands on which we meet and pay our respects to Elders past, present and emerging.

Thank you for joining us in this virtual environment. We'd love to be meeting you in person but as you know, over the past 12 months we've all had to get used to new ways of life, including virtual meetings. Throughout this afternoon's presentations, the Q&A tool will be open for you to submit your questions. Simply click in the Q&A box on the side of your screen and type your question. At the end of the presentations, we'll have around 25 minutes for questions and we'll try and answer as many as possible. If we can't get to yours though, don't worry, we'll come back to you with an answer in the coming days.

This afternoon we will hear from Michelene Collopy, Suncorp's Super Chairman; Shailendra Singh, Suncorp Executive General Manager, Wealth; and Brett Bramwell, Suncorp Executive Manager, Member Investments. We also look forward to hearing from you. Our current fund auditor, Nicholas Buchanan, and fund auditor for the year ended 30 June 2020, David Kells, both of KPMG, are also present today.

To start this afternoon off, it's my pleasure to introduce the Chair of Suncorp Portfolio Services Limited Board, Michelene Collopy. Michelene joined the Board in September 2019. She is an experienced professional in funds management, superannuation, treasury, risk management, compliance and corporate governance, with over 30 years' experience in financial markets. Michelene will provide feedback on the key strategic actions our Board has been taking to improve our Members' financial interests and overall Suncorp Super governance structures during this extraordinary year. Thank you.

Michelene Collopy: Thank you, Jennifer. Good afternoon Members, and welcome again to the inaugural Annual Member Meeting of Suncorp Master Trust, which we will refer to as Suncorp Super, for the year ended 30 June 2020. In this new era of transparency and accountability for the financial services industry, we welcome the Annual Member Meeting as a means for us to continue to connect to you, our Members, and for you to understand a bit more about what we are doing to invest your money, the thinking behind our investment decisions and of course to ensure how we have performed.

This afternoon is also an opportunity for you to meet the Board and some of the Executives responsible for managing your retirement savings. All the Trustee Directors are here on the broadcast, and I would like to introduce Kathy Grigg in Melbourne, and Henry Capra in Sydney. Members of the Senior Executive Team are also available to answer your questions.

Notwithstanding the challenges faced by Suncorp Super in addressing the impact that the COVID-19 pandemic has had on the operating and economic environment over the last 12 months, the goal of enhancing your financial interests has remained at the forefront of all decisions and actions taken by the Board. The Board and Executive Management Team have been hard at work during the year, on the following key strategic initiatives.

Enhancing fund sustainability through simplification of Member propositions. Delivery of sustainable and long-term investment performance. Increasing digital capabilities to provide for better Member experiences and to grow the fund and exploring opportunity to enhance scale benefits. Shailendra Singh and Brett Bramwell will provide further detail on the progress being made in respect to these strategic initiatives in their presentations later this afternoon. I'm sure you'll be very interested in what they have to say, both about our investment performance and other developments within the fund.

As Chair of the Board, I would like to highlight several enhancements that have been made to Suncorp Super's governance processes and controls, to address the heightened regulatory expectations. These include appointment of fully independent Non-Executive Directors to the Board, appointment of a head of the Office of the Superannuation Trustee, whose primary responsibility is to ensure your interests are considered and addressed in all decision-making

processes within and relating to Suncorp Super. Increasing the number of resources employed within the superannuation team, and heightened focus on independence across all superannuation activities. Reemphasising the importance of putting Members' interests first in all Board and Committee meetings and all written submissions and ensuring that I as Chair have direct access to the CEO and the Chair of the Suncorp Group, and that we regularly meet to discuss how Members' best interests are being enhanced.

Appointment of an Executive General Manager Wealth within Suncorp Group, whose key strategic objectives include the driving of the simplification of investment options offered to Members, simplification and affordability of insurance offerings, and assessing the reasonableness of your fees being charged. Also, regular awareness sessions provided by the Suncorp Wealth Team in respect of the accountability of Suncorp Super to always act in your best interests.

As at 30 June 2020, we are in the final stages of a risk transformation program, which focuses on superannuation specific enhancements to its risk management processes, together with an uplift in incident and breach management, obligation management, control testing and governance practices. Suncorp Super has responded to matters referred to it by the Royal Commission. We have established a Members' best interest framework and sought independent expert verification where matters of rectification were required.

At this juncture I would also like to say a heartfelt thank you to you, our Members, against the background of the past 12 months. The COVID pandemic has caused massive dislocation across our community, leading to illness, stress and disruption to everyday life as we know it, as well as too many deaths. We know many of our Members have done it tough. Suncorp Super management and staff have worked particularly hard this year to support you, our Members, through this testing time, and I know you will join me in thanking them.

I hope that you get a lot from this afternoon's presentations, and now at this point I will introduce you to Suncorp Executive General Manager Wealth, Shailendra Singh. Thank you very much.

Shailendra Singh: Thank you Michelene. As our Chairman has highlighted, the last 12 months have been challenging for our Members and broader community. Despite these challenges, Suncorp has remained focused on delivering optimal retirement outcomes for its superannuation Members. As an extension of Suncorp's insurance and banking business, Suncorp has been delivering superannuation and retirement products for more than 20 years. We have a long and proud history in helping our Members prepare for their future, and currently have over 85,000 Members in our fund.

I wish to thank each of our Members, including those who have joined us virtually today, for choosing Suncorp as their superannuation service provider. I'm pleased to share some further information about our performance and how we are delivering optimal outcomes for our Members.

We understand the critical importance of providing our Members with a superannuation fund which delivers both now, and in the future, which is why we are focused on three key areas of delivering sustainable investment performance, engaging with Members, being a trusted service provider. These three key areas are incredibly important for our Members, and I will expand on our progress relating to them.

Sustainable long-term investment performance is critical in ensuring Members' retirement outcomes are protected and enhanced. This continues to be a key priority for our teams, and pleasingly in the past financial year we delivered strong investment results for our Members. This included delivering chart-topping investment performance for our Brighter Super Multi Manager Growth Fund, as recognised by research houses, Super Ratings and Chant West.

The Multi Manager Growth Fund as at 31 December 2020, produced a one year investment return of 9.56%, and a three year investment return of 9.21%. Both of these returns were well above the fund medians as reported by Chant West. This trend continued with all of Suncorp's Multi Manager Diversified Funds being recognised by Chant West as returning the highest one year and three year returns at the end of 2020.

In addition to strong investment performance, we received recognition for our superannuation propositions. SuperRatings recently compared over 550 of Australia's major superannuation products against value for money for

Members and issued a platinum rating for Suncorp Brighter Super pension, and gold ratings for our other funds, including Master Trust and Everyday Super. We have continued to optimise investment performance by partnering with best-in-class managers, deploying appropriate investment strategies and implementing environmental and social governance processes across our key funds.

My colleague, Brett Bramwell will talk more about the ESG process in his update shortly. Our Member engagement program of work has allowed us to provide more timely and relevant support to our Members. This was particularly important over the last 12 months as a large number of Members accessed digital financial management tools such as retirement and early release calculators. We have put measures in place to improve our digital offering, and as a result have seen logins to our digital portals increase from 55,000 to 242,000 year-on-year.

In addition, 44% of our new Members have joined through our digital channel. Whilst many of our Members are embracing digital, we have continued to ensure support is provided from our call centre, as well as to the IFAs who are providing advice to broader Members and corporate customers. In FY20, our call centre answered more than 97,000 calls. Pleasingly, we were able to answer 79% of the calls within 30 seconds, exceeding our call centre-related targets, while in the second half of 2020, there were 32,000 calls and 85% of calls were answered within 30 seconds.

Suncorp is prioritising digitisation initiatives to deliver improved experiences for our Members, as well as simpler and more efficient processes for our business. We understand that our Members' time is important, as such we continue to look at the most effective means of engagement with our Members via SMS, emails and contacting them by outbound calls.

We will continue to focus on improving our performance across a range of key areas. This includes building our Net Promoter Score, which provides an independent benchmark of services provided to our Members. We also plan to increase our funds under administration to enhance the scale of our funds and increase the number of funds which exceed investment performance objectives and the enhanced Member engagement [program of work] and high levels of Member service has allowed us to improve our Net Promoter Score from negative 6 to positive 3.7 over the last past year.

We will continue to implement initiatives which will further enhance our services to Members. We've also increased our funds under administration to approximately \$6 billion, as a result of our strong investment performance coupled with improved investment markets. Robust investment philosophy and active asset management processes has also allowed us to increase the percentage of funds outperforming the PDS objectives from 83% to 90%.

Suncorp is committed to delivering on our purpose of building futures, protecting what matters. We do this by creating value for our Members, supporting our communities and encouraging our people to be at their best. Over the past 12 months, we have supported our Members during challenging times, including those Members impacted financially by COVID-19.

Since the Government's superannuation early release scheme commenced, we have helped more than 18,000 Members access early release payments. This included approximately 25,000 payment requests from Members, totalling \$193 million. During this time we prioritised quick payment of these applications and finalised 70% of these payments within two business days. This result exceeded industry average of 31% by more than double.

We have continued to invest in meeting the needs and preferences of our Members. Key areas of investments include increased capability in our proposition and innovation, investments and Member engagement teams. In addition to this, we have also continued to invest in our digital capabilities to enhance Member experience as well as leveraging insights gained through COVID-19. Our Member-centric culture is also a key enabler in ensuring financial and best interest requirements of Members are met. This has been enabled with some governance process and passionate teams, focused on doing the right things for Members and broader community.

Looking ahead, we are focused on simplifying our MySuper and Choice propositions, along with ensuring total Member fees comprised of administration and investment fees provide good value. We will also continue to focus

on sustainable long-term investment performance, improved digital experiences and supporting our IFAs in corporate partners. It is critical to ensure that we have a sustainable superannuation system, and it continues to be the key retirement mechanism for our Members and community.

Post Royal Commission, Suncorp has welcomed several reforms which seek to increase the transparency of fund performance and fees, plan reforms from your future, your super will further advance levels of transparency. However, it is critical that these reforms also ensure long-term needs of Members centred around sustainable investment performance, fees representative of Members' value expectations and choice of fund available to Members are sustained.

We will continue to contribute to various reforms, any implementation timeframes, to enhance trust in our superannuation system, ensure the industry continues to have capacity to innovate retirement offerings and services, and Members can access relevant services in an affordable manner.

Lastly, I wanted to thank our Members for trusting us to manage their superannuation savings. I'd also like to thank our people and Board, who have worked extremely hard in a challenging environment, to deliver optimal outcomes for our Members.

Thank you, I now would like to introduce Suncorp Executive Manager Member Investments, Mr Brett Bramwell, to provide an update on our investment performance and the broader market, thank you.

Brett Bramwell: Thank you, Shailendra, and very good afternoon Members. Welcome once again to the inaugural Annual Members Meeting for Suncorp Super. I'm very pleased to provide you a performance and market update today, and I'm sure you will all recall 2020 as being a very volatile year for the markets, and you would be right. It was one of the most volatile years in the history of the global markets, with price movements not seen since the global financial crisis.

This was characterised as the bull bear and bull market all within the space of 12 months. This market volatility was due to the speed at which the COVID-19 pandemic escalated and the severity of lockdowns that ensued around the world. Many countries were initially unprepared and slow to act, allowing the virus to take hold and spread. This led to severe lockdowns and in many countries resulting in a downturn in economic activity, and tragically a significant death toll in many countries.

Fortunately, major economies now seem to have escaped the pandemic with relatively little long-term damage, thanks to substantial monetary and physical support. In Australia, the ASX300 dropped by some 27% in February and March 2020, before starting its remarkable recovery to finish the calendar year in positive territory, up 1.7% on the back of its best December quarter in history.

In Australia, gains by resources, technology and healthcare stocks were offset by losses from financial, energy and property sectors. The large market movements that occurred during 2020 can be particularly nerve-wracking, however it is important to remember that superannuation is a long-term investment. If you're looking at the one-year chart of market returns during 2020, the market movements would look significant. However, when viewed on a long timeframe, then 2020 would only look like a blip on the charts.

Remember that it's the time in the markets and not trying to time the markets, that's critical. Staying invested during times of volatility is also important, as over the long-term the market trend is upwards. The short to medium outlook for investments is positive, with economies and corporate earnings continuing to recover, albeit with some concerns of further lockdowns and flareups of COVID-19.

This is the start of the post-recession recovery phase of the cycle, which implies a period of low interest rate growth and falling unemployment. Near term risks are that investment sentiment has become overly optimistic, following the vaccine announcements which made the markets vulnerable to negative news.

Despite the backdrop of global market volatility, we've been able to deliver very strong investment performance outcomes for our Members. The Suncorp Multi Manager Conservative, Balanced, Growth and High Growth funds

delivered very strong investment returns compared to peers over the last 12 months and have also outperformed their respective benchmarks.

From a peer standpoint, both Chant West and SuperRatings identified the flagship Suncorp Multi Manager Growth Fund as the number one performing fund for the one year to 30 June 2020, and at 31 December 2020. As at 31 December 2020, this fund produced a one-year net investment return of 9.56%, compared to the median return of 3.61%, as published by the Chant West survey.

This is a result we are all very proud of, and an excellent outcome for our Members. This result was recognised by both of these research houses and across mainstream media. We achieved these outcomes by managing your investments successfully, in particular:

- One, using a valuation-driven asset allocation approach to increase exposure to asset classes with attractive return potential, while reducing exposure to over value asset classes with less return potential.
- Two, a strong focus on liquidity management for operational efficiency and to enable the capitalisation of market opportunities.
- Three, stock selection techniques that are primarily focused on bottom up, fundamental Company analysis to generate active returns above benchmark.
- Four, an overweight allocation to cash, provide an additional shock absorpture in the COVID-19 investment market volatility.
- Five, selecting underlying investment managers that have performed in their respect asset classes, notably Australian and International equities. For example, the top 10 international equity position for the Suncorp Lifestage Funds in the top 10 equity positions for the Suncorp Multi Manager Diversified funds, as at 31 December 2020, can now be seen.
- Six, we also held an overweight allocation to international equities, and from a region perspective the international equities are invested across several different regions for the Suncorp Multi Manager Diversified Funds, noting that US and European markets are prominent.

For the Suncorp Lifestage Funds, we continue to build a track record, a longer-term track record of recording and exceeding the investment objective, strengthening our peer relative performance outcome, which is something we're particularly pleased about. In terms of this measure, over 57% of the Lifestage funds are ranking in the first quartile on a peer and product-relative basis as at 31 December 2020.

In other portfolio changes, another important topic is responsible investment. Over the last 12 months, we have made several changes to further incorporate responsible investment principles into your superannuation investment options. This includes integrating responsible investment stock screening to exclude companies that manufacture controversial weapons, produce tobacco products, violate human rights or have new fossil fuel or thermal coal extraction plants, including thermal coal generation.

Suncorp Group has also set an objective to act in a manner that supports an orderly transition to a net zero carbon emissions economy by 2050. Furthermore on this topic, we've also undertaken an independent accreditation assessment with the Responsible Investments Association Australasia, or RIAA, during the last year. At the end of December 2020, full accreditation from RIAA was attained for the Suncorp Multi Manager Diversified Funds, that is the conservative, balanced, growth and high-growth funds.

We are proud of this outcome and it demonstrates the Trustees' commitment to managing your superannuation investment in a responsible manner. Even though we have delivered these important milestones, we are not going to be complacent and will continue to be mindful of responsible investment-related risks going forward, while delivering you a sustainable investment return for your retirement.

We appreciate that not everyone may agree with these exclusions or believe that we have not gone far enough. In the future, the stock exclusion approach will continue to evolve as new products and technology come to market, and

also when corporations themselves update and change their own operating and strategic business models. We expect to see positive momentum in the markets on a forward-looking basis, albeit with some inevitable short-term noise.

The combination of improving global growth, aided by more government stimulus, the success of the vaccine rollout and low interest rates, augers well for growth assets in 2021. We are however likely to see a continuing shift in performance away from investments, that benefited from the pandemic lockdowns, like technology, healthcare stocks and bonds, to investments that will benefit from the recovery, like resources, industrials, tourism stocks and financials.

Despite the rally in shares and the recent rise in bond yields, shares still offer a risk premium over bonds. In Australia, the RBA does not expect to raise the official cash rate before 2024 or at least until inflation is sustainably within its 2% to 3% target range.

Going forward, we believe the investment portfolios are well positioned to benefit from a cyclical upturn in a post recovery, post COVID-19 world and the renewed market interest in major industrial companies that generate strong cashflows. Despite the ups and downs of the markets, we'll remain focused on our investment philosophy and strategy, particularly in key areas such as maintaining diversified portfolios. These portfolios manage risk and deliver better returns by combining investments with different underlying drivers.

Using active management strategies with specialist investment managers to deliver excess returns, while being supplemented by passive investments where appropriate, using the valuation driven asset allocation approach to overweight under-priced assets and in turn underweight overpriced assets, continue to invest in the research and capability of the investments team, and maintaining high levels of portfolio liquidity to capitalise on market opportunities.

We also are tactically increasing our exposure to global listed infrastructure, given the various announcements of the different governments around the world to increase their planned fiscal stimulus and also to further diversify our growth assets.

In conclusion, I hope you have found today's update informative, and thank you for the opportunity to discuss our investment market perspectives and the significant achievements that we have delivered for you, our Members, in the last 12 months. Thank you.

Jennifer McSpadden: Thanks, Brett, and thank you, Shailendra and Michelene for your presentations too today. I hope that you all found these presentations insightful and interesting. If you haven't already done so, I'd like to invite our Members to submit any additional questions that you may have for Suncorp Super. Representatives here today will aim to answer your questions today. However, if we can't get to your question, then we will provide an answer in the coming days. Remember, you can ask a question by clicking the question-and-answer box on the side of your screen.

Once this box opens, you may type your question. Please ensure your questions remain general, as we are unable to comment on specifics about your personal situation. Ahead of this meeting, we already received several questions, which we have answered directly to these Members. These responses will also be available on our website. A reminder that today's presentation, including a recording of this webcast, will be available on our website in the coming days.

You can visit [Suncorp.com.au/super](https://suncorp.com.au/super) to view these materials. You will also find information on our super product and performance, as well as tools to help manage your super, estimate your retirement and consolidate your accounts, among other things.

So, let's turn now to our first live Member question. Brett, this one's for you, Tony has asked: can we expect to see an improvement in the 0% return of the capital guaranteed fund that was achieved in the last financial year?

Brett Bramwell: Well thank you, Tony, for your question, it's a good one. In terms of the capital guaranteed fund, returns are intrinsically linked to the underlying investment options. The declared rate, which is a pointed actuarial assessment that's made at the end of each year, by the actuary of the fund, as to whether there are enough returns to provide a declared rate back to the Member.

Jennifer McSpadden: Thanks, Brett. I'm just wondering if there are any further questions that we might have from our Members, and if so, please feel free to add those into the Q&A box. Okay, as always, you're quite welcome to submit questions to us at any time, but we will now conclude our meeting as we have completed answering all of the questions from our Members today. If you do have any further questions, we encourage you to reach out to us online, or phone by calling 13-11-55.

It's been our pleasure to speak to you, our Members, at our first Annual Member Meeting of Suncorp Super. Thank you for your time and for choosing Suncorp Super as your fund. If you'd like further insights, the information presented here today will be available on Suncorp Super's website in the coming days. You can visit Suncorp.com.au/super for more information and to view the materials presented. Thank you.

End of Transcript