



NESS Super Annual Members' Meeting

NESS SUPER PTY LTD (ABN 28 003 156 812)

Minutes of the Annual Member Meeting

Held via video conference on Thursday, 18 March 2021

IN ATTENDANCE

Reg Young (Chairman)	Director/Chairman
Paul Lahiff (via video link)	Director
Steve Robinson	Director
Chris Madson	Director
Paul Cahill	Chief Executive Officer (CEO)
Felix Feist	Risk & Compliance Manager
Faye Blakeney	Manager Investment Solutions
David Jewell	Auditor, Ernst & Young

APOLOGIES

Ben Lister	Alternate Director
Bruce Duff	Alternate Director
Brad McDougall	Director

Meeting commenced streaming at 4:57pm. (Delay caused by severe thunderstorms in Sydney).

Welcome and introductions Mr. P. Cahill, CEO

[TRANSCRIPT]

Good afternoon and welcome, my name is Paul Cahill, and I am the CEO of NESS Super.

I'd like to begin by acknowledging the Traditional Owners of the land on which we are meeting and pay our respects to Elders past and present.

I would also like to thank our members for attending in what is NESS Super's first Annual Members' meeting.

The presentations and speeches you will hear tonight will provide NESS Super members with an opportunity to hear from members of the board of directors, regarding the key aspects of the fund's performance for the financial year ended 30 June 2020.

At the end of the presentations and speeches, members will have an opportunity to ask questions by typing in the chat box located at the bottom right of your screen. We will attempt to answer all questions tonight, however, any questions raised and not answered will be uploaded to the NESS Super website along with a recording of tonight's presentation.

Could I please ask that members keep the questions generic and applicable to super with NESS Super and do not share any personal information. For assistance with your super, please call our friendly Contact Centre on 1800 022 067 or visit us at nesssuper.com.au and we'll gladly help you.

Tonight, you will hear from the following board members;

Mr Reg Young our Chairman who will be providing the opening address;

Mr Paul Lahiff, who will provide an Audit, Risk & Compliance update.

Mr Chris Madson, who will provide an Investment update;

Welcome and introductions
Mr. P. Cahill, CEO

(continued)

And Myself, where I'll provide an update on the fund including some of our most recent achievements;

This first part of the Annual Members Meeting has been pre-recorded. We will be answering your questions live during the second part of the meeting.

We will email attendees of the meeting a link to our website once the answers to your questions and recording of this meeting is available on the website.

I am pleased to introduce our opening speaker, Mr Reg Young, who was appoint Chairman of the Trustee Board of Directors in December 2018.

Thank you

Chairman's opening address
Mr. R. Young, Chairman

[TRANSCRIPT]

Good evening everyone and welcome. I would like to thank all members for attending tonight's event.

As Paul mentioned, this is our very first Annual Members Meeting. And it is my honour, to be the first to Chair this annual event.

For those who are newer members of the fund, NESS has been in existence since 1987.

The fund was established to service the Electrical, Communications, Technology and Cabling industry. Initially in NSW alone however these days we have members all over Australia.

While steadily growing, the fund, operates on the principle, "**we are large enough to matter, yet small enough to care**". We are one of the few niche industry specific funds. We pride ourselves on being member focused and service orientated.

Your directors and myself, as chairman, are totally focused on member benefits. Our priority is to ensure NESS Super provides the best possible products and services to that end. Our objective is to assist you so that you retire with the financial security you desire.

Ensuring this outcome can be challenging at times. The board of NESS are continually monitoring and evolving new ways to communicate with members and outsourced providers to make sure we are responding to member expectations and needs.

The compliance requirements and Investment options in a volatile world are always a challenge for any superannuation fund. As Board Chairman, I am very pleased with the resources and leadership in the Compliance and Investment areas with Chairs of each committee being up for the challenge. Both Paul Lahiff and Chris Madson are enthusiastic board members and provide great support to NESS Staff in both these areas of expertise.

Your fund has been progressively in-housing services that our CEO will no doubt mention in his update. This initiative has proved to benefit the board and how it delegates resources to our Management team in order to manage the fund efficiently. Our membership surveys indicate this is having the desired effect.

For members, I would encourage you to take the time to read your annual member statements, particularly in the Insurance space as your Fund is always improving products and services.

The information on Member statements provides a snapshot of investments and insurance you hold with the fund and the fees you are charged. The statements also provides our performance.

As we have seen throughout 2020 and even in the few months of 2021, the world can change very quickly. The COVID-19 response by Government and the prompt action by NESS Super in assisting members through these uncertain times and it was demanding. I am proud of the NESS staff and their ability to carry out our planned response to working through the pandemic with almost no effect on members ability to access benefits, pay pensions or make contributions to their accounts.

Chairman's opening address
Mr. R. Young, Chairman

(continued)

Throughout the year, the fund carefully managed the impacts on the fund and maintained focus on the long-term goals and objectives.

COVID-19 was not the only challenge for NESS Super and its members. Many of our members were very much affected by the bush fires of Christmas in 2019, the drought and then floods of that same year. Our members were not only affected by these events but were very much a part of the recovery and emergency responders. I congratulate them all for their great work.

While I am talking about congratulations. This is an opportunity to acknowledge two of our recently retired members of the NESS board.

Our longest serving director of 30 years and Chairman for 28 of those Mr. Tony Glossop and Mr. John McCrory our long serving independent director who retired in December 2018. Both served the Fund extremely well, providing a platform for our current Board to continue the funds' objective to be large enough to matter and small enough to care.

In closing, I would again like to extend my thanks to all the members who attended tonight.

Mr. P Cahill, CEO

[TRANSCRIPT]

Thank-you Reg.

Now I'll hand the next part of our presentation to our Director Mr Paul Lahiff who will provide an update on the Risk Audit and Compliance function of the Fund.

Audit, Risk & Compliance
update

Mr. P. Lahiff, Director

[TRANSCRIPT]

Good evening everyone and I would also like to thank members for attending our first Annual Members' meeting.

It's probably a cliché to say we live in ever-changing times, in the last twelve months, we've lived through COVID 19, roller coaster rides in the share market, the aftereffects of the Hayne Royal Commission on financial services, geo-political uncertainty in China and the USA, and bushfires, drought and finally floods.

While we need to ensure we provide you with sound investment performance, we equally need to protect the contributions you make to NESS through this constantly changing landscape.

At the end of the day, you simply need to know your money is safe and secure.

The fund's audit, risk and compliance function is therefore a critical element of our operations.

We have a sound professional in Felix Feist managing this and an active Audit, Risk and Compliance Committee to monitor and oversee risk and compliance at NESS.

Firstly, on audit, we employ a three lines of defence approach. The first line is our staff who are constantly assessing the environment; the second line are our processes and policies; and our third line are our independent internal and external auditors.

On risk, we have a comprehensive risk management framework which not only identifies and looks to mitigate today's risks but also looks to anticipate the emerging risks of tomorrow.

A good example of how this works in practice is how we continued to effectively manage NESS through the early COVID lockdown last year with only one staff member working at our Chullora office and the other staff working from home.

Finally, NESS needs to be compliant with a myriad of regulations and legislation. For example, our key regulator – the Australian Prudential Regulatory Authority or as it more commonly known, APRA, requires us to comply with over 50 different regulations with this list being added to annually.

**Audit, Risk & Compliance
update**

Mr. P. Lahiff, Director

(continued)

In summary, our job in relation to audit, risk and compliance at NESS is to carry out our duties with care, diligence and skill so that you can rest easy knowing that the dollars you contribute to NESS are protected and are safe and sound.

With this solid foundation, we can then look to grow your contributions and fulfil our purpose of offering strong investment returns, affordable insurance and efficient on-line solutions, while keeping our fees low.

Thank you.

Mr. P. Cahill, CEO

[TRANSCRIPT]

Thank-you Paul.

Now I'll hand the next part of our presentation to Mr Chris Madson who is the Chair of the Investment Committee who will provide an update on the Fund's Investment Strategy.

Investment Update

Mr. C. Madson, Director

[TRANSCRIPT]

Thank you, Paul.

Good evening everyone. Tonight, I will highlight the funds commitment to its core investment philosophy of protecting members capital and our responsibility for the oversight of their investments.

I will provide an update on our investment performance as of 30 June 2020. The performance of the fund pre-Covid-19 and the performance during the pandemic and its duration.

[Market overview]

2020 was a challenging year for individuals, companies and financial markets and the resulting superannuation fund returns.

Protecting members capital became even more important.

During the year, we saw the start of Covid-19 and Australia experienced its first recession in 29 years.

This resulted in a sharp downturn in financial markets.

The Reserve Bank noted that the economic downturn was not as severe as originally expected mainly due to the huge amount of Government stimulus in the form of Job Keeper, Job Seeker and the Central Bank lowering interest rates to 0.10%.

Economic and market recovery has started, significantly supported by ongoing stimulus, but is likely to be uneven and bumpy.

The board is responsible for setting the Strategic Asset Allocation and portfolio construction. This includes benchmark setting plus underlying asset manager approval. Our Investment Consultant Russell Investments are delegated the day-to-day management of the investment portfolios, most significantly manager research and tactical asset allocation.

The NESS Super Investment Committee acts as an oversight function relating to investments and the Investment options available. It regularly meets with Russell Investments, reviewing performance, asset allocation and risk levels through liquidity and stress testing of the portfolios.

The graph shown has been provided by our Investment Consultants, Russell Investments.

The graph shows that both the Australian and US share markets experienced significant falls in March 2020.

The Australian Stock market fell by 36% in the period from 19 Feb to 23rd of March 2020.

Investment Update
Mr. C. Madson, Director

(continued)

This was one of the fastest falls ever recorded, although much of that loss was recovered in the months that followed.

The US stock market recovery was driven by small number of large tech stocks like AMAZON and Netflix. Those stocks ended the year trading above Pre-Covid levels.

Investment markets experienced increased volatility.

Our Investment consultant remained cautious about asset prices with the view that the markets were in the later stages of a long rising market.

Whilst maintaining our strategic asset allocation, we were cautious with members funds via tactical asset allocation and underlying manager selection.

Two examples of success over this period were the acquisition of a new credit fund when credit prices were starting to recover, and gains realised through our currency management using a predetermined currency hedge matrix, which sold US dollars as they approached their crisis highs and repurchased them after they fell later in the year.

We believe that even in the current low interest rate environment, cash investments provide stability and safety, and act as a defensive buffer.

[Option returns]

The NESS MySuper option makes up approximately 82% of our Funds under management.

The graph shows the last 10 years of returns for the MySuper option.

The blue columns represent the annual net return of a member for each financial year in the comparison period.

The red line represents the moving 10-year return target of CPI plus 3%; and

The green line represents the 10-year average net return for a member.

As can be seen in the graph, MySuper members received a positive return in 9 out of the last 10 years.

When the green line is above the red line, it means that the NESS Super MySuper option 10 year moving average net return for the member has outperformed the 10-year moving average return target.

[Performance]

Moving on to Option performance, the next slides depict the performance of our 3 largest options namely MySuper, High Growth and Stable.

These 3 options make up the majority of members Funds.

Within our investment options we allocate assets across a wide range of asset classes, a mix of both growth and defensive positioning. This is aimed at reducing risks while maximizing returns within the investment objectives set.

Growth assets are investments such as property and shares. Investing in growth assets can help to achieve returns that are above the rate of inflation over the long term.

Returns from growth assets can vary widely over short periods and are more likely than defensive assets to give a negative return in any one-year period due to their volatility.

The volatility of growth assets can be reduced by holding them for a longer term and by mixing them with defensive assets. Defensive assets are typically lower-risk, lower-return type investments such as cash, fixed interest and bonds.

Defensive assets assist in protecting the value of your investment, the risk of a negative return in any one year is relatively low but there is a risk of the returns being eroded by the prevailing rates of inflation.

Within our MySuper, High Growth and Stable portfolios we have a mix of growth and defensive assets.

Investment Update
Mr. C. Madson, Director

(continued)

The MySuper and High growth asset allocation traditionally holds a higher allocation to growth assets compared to the Stable options which holds a higher allocation to defensive assets.

We have further increased our diversification in these options through exposures to some unlisted alternative assets through unlisted Property and Australian infrastructure assets. These assets can provide both growth and defensive characteristics depending on the underlying assets held.

These graphs show the performance over 1,3,5 and 10 years relative to the investment objectives of the fund which are targeted to provide certain returns over inflation.

The MySuper and High Growth options exceeded their performance objective of CPI + 3% and CPI + 4% respectively over the longer term, however they both lagged over the 12-month period to 30 June 2020.

As mentioned in our market update, the 1 year to 30 June was challenging for most funds given the impact of COVID-19 and ours was no exception.

A factor affecting recent returns has been a value bias maintained by our Investment Consultant which meant for example a smaller exposure to tech stocks which boomed in Covid lockdowns.

This positioning hurt us over the short term. We have however seen improved returns coming through the portfolio during late 2020 and early 2021 as recovering economic activity supports value and cyclical stocks, whilst growth stocks including some tech, have struggled to maintain their prices.

We are disappointed with not meeting our objective in the 2020 year and continue to monitor the fund's structure and positioning. I am however pleased to confirm that the MySuper and High Growth 2020 losses have been more than recouped in the first half of 2021.

The Stable option exceeded its performance objective of CPI + 1% over all periods.

Its particularly pleasing that it met its objective over the 1-year period and produced positive returns when the riskier portfolios had negative returns.

The portfolio preserved capital for our members over the short term.

Members are reminded that returns should not be looked at in isolation. Short term returns can be volatile so it's important to take a longer-term view when saving for retirement.

The trustee's number one priority is that the members capital is kept safe to ensure members have money for their Retirement. Returns do vary from year to year, and as we have recently seen can be negative. Assistance is available to members through our financial planning service, to assist in selecting investment options suitable to their individual circumstances. Please call our contact centre who would be pleased to connect you with this service.

Reflecting on recent years, we believe that we can do better for our members and as such we have been reviewing our investment processes and structures and have made some important changes since the end of the financial year.

[Changes to our fund since the end of the financial year]

NESS Super undertook a review of its investment strategies and options.

In 2020, NESS Super offered 7 investment Options for Accumulation members and 6 completely different options for Pension members.

Changes were made to Investment options for Pension members on 1 February 2021 to streamline and align our pre and post-retirement options.

The streamline process involved closing some Pension options, launching new Pension options and making changes to the remaining Pension options. Most significantly a member moving from accumulation to Pension no longer has to change their investment choice.

These changes have been communicated to our Pension members and further information can be found on our website.

Investment Update
Mr. C. Madson, Director

(continued)

In addition, on 1 February 2021, all our options moved from a weekly crediting rate process to daily unit pricing to value members accounts.

The benefits are that members now receive a daily rather than weekly valuation of their account, and are able to transact on their account, including making investment switches on a daily basis. We believe this brings NESS in line with best practice. We believe that these enhancements are to the benefit of our members and has put the fund in a good position going forward.

Our investment returns varied across the portfolios and it is important to remember that each individual member's circumstances are different and that investment returns depend on what they are invested in and their contributions during the year.

It is important to speak to a financial advisor to assist members in making investment choices that are right for their individual circumstances.

Portfolios with lower risk can provide lower relative returns but these returns should be considered in relation to the individual portfolio's investment objectives.

Portfolios may experience short term volatility, however saving for retirement should be taken with a long-term view.

The Trustee is currently in the middle of an investment re-configuration project designed to improve the funds returns. The returns declared for financial year 2020 were less than acceptable to the Trustee in both relative and actual terms. It is expected that once this reconfiguration is completed that funds returns will improve from these levels. Phase One has been completed in the form of daily unit pricing, pension option realignment and the introduction of a master custodian. Phase two is currently underway and will include a review of the asset consultant and how they are engaged.

At NESS Super, we believe socially responsible investing is an important consideration in the investment process.

This can also be referred to as Environmental, Social and Governance "ESG" factors in investing. At our recent strategy day, the Board of directors had this at top of mind.

ESG factors can influence asset prices and is taken into account in our investment process. Our Investment Consultant considers how ESG factors can affect asset prices, including in the future, and this is included in their underlying asset and investment manager selection. They believe in using any voting rights of our investments to influence ESG practices and thereby the value of our investments. Their Responsible Investing Policy sets out their approach to ESG matters, and operates alongside their Climate Change Policy, both of which can be located on their website.

Thank you, I'll now hand you back to Mr Paul Cahill.

Update on the fund and recent achievements
Mr. P. Cahill, CEO

[TRANSCRIPT]

Thank-you Chris.

Now I'd like to give an update on some of the happenings within the fund for the 19/20 financial year.

[In-house Contact Centre and move to Trustee office]

In July 2019, we moved our Contact Centre in-house to our new Chullora Trustee office to provide members and employers with a more personalised service.

In the financial year to 30 June 2020, the Contact Staff Team were expectational in terms of the inbound and outbound calls made to members.

We answered 8,893 inbound calls, with an average speed to answer of 16 seconds. We also actioned 6,825 outbound calls and 3,864 emails.

[Response to COVID-19]

Update on the fund and recent achievements

Mr. P. Cahill, CEO

(continued)

The Trustee's response to the COVID-19 crisis.

With the pandemic and work-from-home protocol enforced, NESS Super ensured that our members needs were our priority.

Our Contact Centre was adequately staffed to handle the calls from NESS Super members who took the opportunity provided by the Federal Government to access up to \$10,000 of their super during the pandemic. A total of 2,310 claims were successfully processed, at a value of \$11.6 million in the FY19/20 and \$12.5million in the FY20/21.

During the challenges of COVID-19, we contacted all members who accessed their super early in order to reduce the risk of fraudulent claims. We also updated each member as to when and how they've been paid.

NESS' New Insurance Arrangement

In November 2019, we saw the biggest ever change to the NESS Super insurance offerings.

Insurance cover and premium levels were set to more appropriately age-based levels for Death and Total and Permanent Disablement.

We also locked in new arrangements with our new Income Protection insurer and allowed for more appropriate cover options for self-employed members.

Changes included the following:

- The amount of default Death and TPD Cover reduced significantly for members aged under 30 or over 45. The new cover is based on a bell-shaped design, meaning your cover increases when you are most likely to need it most and reduces when you don't.
- Default IP Cover was significantly enhanced, with an improved benefit up to 85% of pre-disability income for a period of up to 2 year or until you turn age 65, also a reduced waiting period of 30 days, previously it was 90 days.

[Protecting Your Super (PYS) and Putting Members' Interests First (PMIF)]

Now we also had to contend with a range of other changes to insurance through legislative and regulatory change.

The first one was Insurance in **Superannuation Voluntary Code of Practice**.

The code was introduced in July 2018 and updated in March 2020 to align with the Protecting your Super and Putting Member's Interest First legislative packages.

NESS Super has committed to adopting the code.

Protecting Your Super Package.

The Protecting Your Super Package commenced in July 2019 and is aimed at addressing account erosion due to excessive fees or unnecessary insurance.

Putting Members' Interests First

The legislation commenced in April 2020

- Insurance provided to members will be on an opt-out basis where:
 - the member has an account balance below \$6,000 (active low balance accounts);
or
 - the member is a new member who is under the age of 25.

These reforms were also intended to protect members' account balances from erosion from insurance premiums for cover that members may not want or need.

[Other notable achievements]

Other notable achievements during the course of that financial year were.

Update on the fund and recent achievements

Mr. P. Cahill, CEO

(continued)

The Trustee signed a new 5-year Administration Agreement with Link Market Service

The Trustee's IT Systems were all transferred to the Cloud

The Trustee move from a weekly crediting rate process to a daily unit process to ensure industry best practice and align our pension and super investment options.

We enhanced governance and reporting approaches to comply with changes in legislation and regulation.

We also increased staff resourcing to continue with the timely attention to member's needs.

[What's ahead]

So, what's ahead in the coming year?

The coming year promises to be another big one of improvement for the Fund.

You will see the following occur during the next year:

We will simplify our investment options to allow for ease of use by the membership.

We will enhance our financial planning offerings, and

Our retirement planning seminars will be getting off the ground.

This brings tonight's presentation to a close.

In closing, I would like to extend my thanks to all the members for your attendance tonight.

We will now move to the question and answer session.

Thank you.

Live Q&A Session

Welcome and introductions

Mr. P. Cahill, CEO

[TRANSCRIPT]

Welcome to our live question and answer session.

To answer your questions this evening we have members of the NESS board present in our COVID safe studio as well as via Zoom. Mr Paul Lahiff, will be going us on Zoom and with me up the front here I have our Chairman Mr Reg Young, Mr Chris Madson, Mr Steve Robinson and our Auditor Mr David Jewell from Ernst & Young

As mentioned earlier, questions can be typed into the question box located at the bottom right of your screen.

We will attempt to answer as many NESS Super related questions as possible during this session.

Any questions raised but not answered we will be posted on our website along with the questions answered tonight. Minutes and a recording of this meeting will also be made available on our website.

To ensure that your privacy is protected, please do not share any personal information when typing your questions.

If you need assistance with your super, please contact our Member Services Team on 1800 022 067 or visit us at nesssuper.com.au

Question:

I can see substantial recovery has been made to early 2020 losses. How are we planning to sustain growth?

Response:

Thanks for the question, firstly I will say that your observation is correct we have seen substantial recovery, looking at the MySuper option over the last 12 months since markets bottomed during COVID, our MySuper option has improved by or around more than 20 percent and the higher growth options that we have, have actually increased by more than that. In terms of the outlook, I do want to highlight that we don't try to actively change the allocations between different asset classes and thereby time the markets so we don't for example try to sell all of our Shares and move it into Cash when we think that is going to be the right time to do it, rather we stay with the asset allocation that are outlined in our PDS and other documentation. What we do try to do is perhaps try to get a tilt within those allocations for instance we might look at Australian Shares might be considered a bit overvalued; we might reduce the allocation to Australian Shares and put more into International Shares to try and make sure that we perform well. In terms of what has gone on over the last year our underlining Fund Managers have been actively repositioning their investments in the classes that they're allocated to invest for us, and we have seen that activity. At a Board level, we have also looked whether there are any classes that we potentially should enter and one that we did invest in during the year was a Credit Fund and that performed well, we got into that when the credit market sold off quiet significantly and that has performed well and we believe that those activities from ourselves and the underlining managers will put us in good stead for the year to come.

Looking for the longer term, we are part way through as the presentation just highlighted through a repositioning of our investment architecture and strategy. We have the architecture all in place and we are in the process now over the next six months reviewing our investment consultant that assists us with our investments and we are hopeful that through that process we will be able to get a bit more flexibility in our investments and also potentially save some of our costs and that should accrue to members in the period ahead.

Question:

For high value member who consider investment strategy very important and are close to retirement some sort of meaningful guideline should be made available to make sure we stay on the right path. Is there any support from the fund to assist with this?

Response:

I would really encourage all members who are at a point of transition or maybe just want to do a check on their investments to contact a Financial Planner and make sure that they have good advice as to where they are particularly when you are heading into retirement obviously your plans are changing and your crystallising exactly what the future is going to be and it's a great time to get some investment advice.

NESS is able to do that we can provide Financial Advice around your superannuation, a lot of the more simple measures of advice for example, what is the right investment option I should be in? We can provide that free of charge. If you want something a bit more detailed, we can also assist in that process as well, it's an area we believe is important for our members, we're in the process of actually increasing our resourcing in financial planning so that we can improve that going forward as well. So as I said yes we can help you, please get in touch with our Contact Centre on 1800 022 067 they can start that conversation with you, they may be able to help you out in the first instance but we would be more than happy to arrange one of our staff to come out and meet with you face to face if that is what you prefer as you go through that journey.

Question:

What advantages does being part of a smaller industry-specific fund present against being part of a much larger fund?

Response:

Thank you for your question and I would like to say that NESS is one of the very few truly niche industry designed funds. Our products and services specifically designed for our industry and our members. We provide personalised service to members and employers. Every member is of extreme importance to us and we deal with members that way. We are here for members and I think if you were to use our call centre with any enquires that you do have you'll find you'll get that personalised service.

Question:

What is the expectation from the Board for fees and insurance premiums for NESS Super over the coming 12-24 months?

Response:

We adjust our fees and insurance premiums while working with the Board and our providers for getting the best outcomes for our members. We will always fight to keep fees low and competitive as we can to ensure Members are always looked after and that's our main priority. Our fee structure is one of the lowest in the industry and has been for many years. I think the last time we adjusted our fees was seven years ago. We keep our operating costs as low as possible and thus we can minimise our fees.

On our insurance contracts with Chubb and Hannover Reinsurance they are locked in for another two years, at which point we will then investigate the repricing that goes with that.

Question:

You recently introduced daily unit pricing and change investment options available for the NESS pension members. Are there any plans to expand the number of investment options available other than the current seven (7) investment options to members? If yes, when and what are they?

Response:

Probably the short answer is no, there's no immediate plans to increase the number of options. It's a balancing act. The more options you have, the costlier that is to provide to members. So, we want to make sure we provide enough Members that they can meet their needs for their financial future, but without actually putting in place so many options that may not be used by many Members. If any members that are costly to maintain, we do, however, always monitor what our offerings are. The board had a recent strategy day and part of the discussions we had there were for example, we have a cash option, but at current interest rates where there's almost no return on cash, what is the role of that for Members?

And the other one we talked about is that environmental, social, governance based investing is becoming more and more popular and getting a lot more media attention. And whilst we do consider those factors across our investments, we don't have a dedicated offering which is solely focused on those particular items and we did discuss about whether that's something we should investigate, whether our Members may actually want to have that kind of option available to them. So, as I said, the short answer is no, there's no immediate need. Members can choose from the seven. They can also mix the seven that are already there. However, we will monitor that and if members do have interest in particular offerings, they can contact our call centre and let us know what they are and will take that on board.

Question:

How is a director appointed to the NESS board?

Response:

We have four appointed directors., two that are nominated by the Employer Association, NECA. And two that are nominated by the employee organisation the ETU. So we have four appointed directors.

Question:

What are the upcoming plans that NESS Super are introducing that will increase my super balance?

Response:

There's a range of those. The first one is helping you look for your lost super, again contact our call centre, they can do it online for you straight away, which is a really good tool to have so they can do it live for you.

There's another thing we do also is we can actually consolidate your super. We run through those consolidate campaigns as well and again our contact centre can help you do that live whilst on the phone.

We're also introducing a financial planning arrangement going forward, which will enhance people's ability to increase their super balances, both by making sure they're in the right investment options and making sure they are taking advantage of all the contribution limits to make sure you have the maximum contributed into the Fund.

The last thing that Chris Madson had talked about earlier is we're introducing a new investment management framework which is designed to optimise our investment performance going forward as well.

Question:

I'm Self-employed and I feel that super is more about helping the working member rather than the small self-employed business. Can you comment on this?

Response:

We know that NESS membership includes a significant number of self-employed members. Both employed and employer members are just as important to the fund.

We tailor specific products and services for the self-employed. We understand the industry, things like Income Protection for the Self-employed is a specialised area where we believe we have a product that is not available elsewhere.

We have incentives for the Self-employed to contribute to the fund, there are tax deductions associated or tax applications associated with those contributions.

We have workplace support programs that specialise in small business. We are large enough to matter but small enough to care. In fact, if you have any further questions or you don't feel this has been answered, to your satisfaction, our employer relationship Manager Calvin Lake can be contacted through our website or through the contact centre. He'd be pleased to hear from you.

Question:

When COVID-19 hit, I had my money invested in the default MySuper investment option. You declared a negative return, another similar industry fund didn't. Why did we declare a negative return?

Response:

I think most members would understand that when the COVID-19 struck us all the impact was certainly an unprecedented event. And with the current market volatility it continues and hopefully we'll see better numbers which are starting to be revealed now.

We were on track for a positive return around the 30th of June and of course due to that market volatility we are constantly reviewing our investment strategy and our Chair from the Investment Committee has made some comments in relation to that. As late as this morning, we are still taking advice from our advisors so we can deliver on the best outcome for members. The market cycles, people would realise that they are currently recovering quicker than we anticipated which is very good, but up until the unprecedented event we were well on track for a good return of some 2.2% with our worst outcome being a minus 7.9% which clearly got the attention of the Board. We see that the large variations that have occurred should be minimised with the lessening of the volatility of the market and to date we still with those losses exceed our benchmark for 5, 7 and 10 years.

Following on from that, I think the best returned funds last year were around 2% and I think the worst returned funds were around minus 7%, so again you can see a big range in return over that year and again a lot of that has come off the back of the COVID-19 arrangement.

Question:

I'm not at retirement age yet but I keep my money in NESS when I retire or do I need to take it all out all at once?

Response:

Very simple, you can leave your money in NESS as long as you want, what we do recommend to members when they get to a certain age look at the option of Pension products so we have a TTR products that you can access from age 60 and onwards but we also have an Allocated Pension product when you are ready to retire properly and receive an income in retirement. We have both of those arrangements in place today. We've also recently aligned all the asset allocation for our accumulation products, they now match identically to our pension products. So, what you are now investing in when you are working will be the same in what you are investing in when you are in the retirement phase.

Question:

How do I check if I have super elsewhere or lost super?

Response:

Contact our contact centre on 1800 022 067.

You can do it via your MyGov account it will actually show you if you have super with other funds in there or the other alternative is via the ATO's super seeker.

What I would recommend is contact the fund first, we will do most of the heavy lifting for you and make it as easiest possible on you.

Question:

Other funds provide an in-house financial planner and client relationship managers, will NESS Super expand to provide these services as part of our membership?

Response:

One of the initiatives from the board is to have our own financial planner and we're currently in the final stages of employing that person we hope to have our new financial planner on deck very shortly.

NESS Super's key value is its personalised support for members. One of the best examples of that is our inhouse contact centre. Our members get to speak to real people and they get to look after them very quickly.

One of the things we pride ourselves on is being small enough to matter but large enough to care. That is never more evident than when you contact this fund. Whether it's talking to people on the phone, or people coming out to help you with your issues. We'll be there to do that for you.

And the last one we have is a client relationship manager available to provide workplace support, Toolbox talks any location across the state. We highly value our employers and we'll do what we can to help them out and we have a manager attached deliberately to that function.

Question:

Why don't you sponsor the footy or give us tickets to the Grand Final?

Response:

This is one of my pet subjects, I guess, I'm a passionate Western Suburbs Tigers supporter and I would love to spend your money and supporting my football club, but we don't do it at NESS. We realise that we are spending other people's money, every dollar we spend we assess as to what outcome there will be for members. So, if we were going to do any sponsorship, we would first have to measure the benefits for members and the benefit for the fund. So, we're not likely to sponsor any football teams or give you tickets to the Grand Final next year. We do, do a certain amount of advertising and brand recognition, you will see that from time to time and we'd probably like to do some more of that in the right place but we do assess the benefit for members and if the benefit is not there then we simply won't spend your money.

Question:

How much of the members money do you use for Advertising and Promotional products?

Response:

In short we spent very little on advertising because it's very easy for us to spend your money but we don't believe that it is in the best interest of members and to date we have not had substantial feedback from members to cause us to spend more of members funds on advertising. I think most people would be aware that those ads that are seen on TV and other forms of media are very expensive. We don't see that as being in the best interest of members and there has been recent legislation introduced that causes us to be more cognizant of the better ways of spending members money in their best interest. Particularly with respect with the three key core items of returns, insurance and fees. As we grow, there will probably be further expenditure on advertising but nothing to the extent of other funds.

Question:

When COVID-19 hit, I accessed my super early. I'm worried that my super is now so low. What are my options? Can you help me?

Response:

First, give us a call on 1800 022 067 to the Contact Centre, they will be able to enunciate to you a range of options to help you deal with that. Consider a re-contribution strategy, either pre-tax or post-tax, i.e., either your employer can put the money into your account or you can do it out of your post-tax money.

You can review your investment options, again very important to do from time to time or seek financial advice, as I said earlier the fund is moving in with a financial planner into place to assist you with that.

Question:

I've heard in the news that some superfunds are allowing members to use their money in their super fund to buy shares and EFTs. Will NESS Super also offer this?

Response:

Our view is that if there is legislation in place that allows members to access their funds, we will certainly go along with that, but our overarching ambition and desire is to look after members long term savings and ensure that they have a meaningful retirement. Unfortunately, dipping in and dipping out of the superannuation fund doesn't always ensure that. So our primary responsibility to our members is to make sure that at the end of the day they can have a really enjoyable retirement based upon the superannuation contributions they have made over their lifetime.

**Closing commentary,
Mr. P. Cahill**

[TRANSCRIPT]

This brings us to the closing section of the question-and-answer session.

I would like to thank you and all my speakers up here tonight. I apologise to any member if we didn't get to answer your question, however we will be posting all questions and responses on our website as well as a recording of this meeting.

I encourage all members to visit our website at nesssuper.com.au to access that information. There are Product Disclosure Statements, Additional Information and the Annual Reports.

Once again members, thank you very much for your support, we look forward to talking to you this time next year.

Live streaming concluded 5:45pm