

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

Present:	Kirsten Mander, Chair Luke Symons, Chief Executive (CE)
In attendance:	Adam Awty, Andrew Boog, Kamal Farouque, Richard Fleming, Richard Flitcroft, Mary Macken, Daniel Papps, James Peters AM KC, Imogen Sturni (Directors)  Colin Adamson, Chief Commercial Officer Louise Eyres, Chief Member Officer Michael Gogorosis, Chief Financial Officer John Robinson, Executive Manager, Business Enablement & Risk Kaye Wheatley-Brown, Executive Manager, Legal, Risk & Compliance Fiona O'Keefe, Partner, Deloitte (external auditor)
Apology:	Paul Murray, Chief Financial Officer

## 1 Meeting open & welcome

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1. The Chair announced that a quorum of the legalsuper board directors was present online and declared the meeting open at 2.00pm (AEDT), on behalf of the Board and legalsuper executive team, welcomed and thanked all those who joined the Annual Members' Meeting (AMM) and confirmed that notice of the AMM had been given in accordance with Superannuation Industry (Supervision) Act 1993.
2. The Chair formally acknowledged the traditional custodians of the land on which the meeting was being held and paid respects to their Elders past, present and emerging and noted that she was joined by legalsuper's Chief Executive Luke Symons, that Paul Murray, legalsuper's Chief Investment Officer was an apology and that legalsuper's external auditor, Deloitte, represented by Fiona O'Keefe, was present at the AMM.
3. The Chair addressed the agenda and confirmed how the AMM would be conducted and invited members to submit their questions via the online platform.
4. The Chair briefly discussed the events of 2024 and noted:
  - that overall, the last financial year included ongoing volatility in domestic and international investment markets resulting from continuing high inflation rates, sustained elevated interest rates and escalating global geopolitical conflict;
  - Australia's economy remained relatively stable, although it continued to be slower than other major economies in recovering from inflationary pressures, with commentators attributing the below-trend growth to persisting high household debt and slower wage growth – both constraining domestic spending;

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- Australia's superannuation sector is now valued at \$4 trillion and is viewed as one of the world's most successful retirement savings frameworks, due in a large part to mandatory contributions and robust regulation;
  - Australia's superannuation sector is now a highly regarded and significant player in the global financial ecosystem, investing in domestic and international projects, across critical infrastructure developments in the built environment, but also in the advancement of health, medical, environmental and technological endeavours;
  - along with the increased appreciation of the size of the Australian superannuation savings pool, it has also become desirable in some sectors to redirect some of those funds towards purposes other than encouraging and preserving savings to provide income in retirement. It is clearly not the purpose for which the system was established and those savings accumulated - to fix public policy failures in other sectors;
  - the Parliament very recently passed the Superannuation (Objective) Bill which enshrines the objective of super in these terms: "to preserve savings to deliver income for a dignified retirement, alongside government support, in an equitable and sustainable way";
  - the passing of this Bill was a significant and a welcome milestone as it embedded the principle of preservation into the system thereby supporting more stable, effective, and equitable policy settings. It ensures the retirement savings of Australians are protected from the ongoing debate and amendment and provides certainty to all members that the money they have invested in superannuation will remain preserved for their life in retirement;
  - legalsuper's role in managing the members' money against this backdrop of sustained investment market volatility and ongoing debate and reform, a strong return of 8.02% for the year ending 30 June 2024 was reported for the MySuper Balanced option, where the majority of the members are invested; and
  - this result continued the record of delivering above the investment performance goal of CPI +3% over the past 10 years and also continued the record of outperforming the SuperRatings All Funds and SR50 performance tables median over the past 3, 5 and 10 years, demonstrating the commitment to delivering strong, sustainable, long-term investment returns to the members.
5. Other changes to Australia's superannuation regime which might affect the members, directly in the year ahead and the following being announced in the May 2024 Federal Budget:
- with the introduction of the Commonwealth Paid Parental Scheme, from 1 January 2025 eligible parents will receive superannuation on Government-funded Paid Parental Leave. Furthermore, a couple with a newborn or newly adopted child will be able to access up to 20 weeks of paid leave at the national minimum wage and this will increase to 26 weeks by 1 July 2026;
  - the implementation of Payday super and recovering super reforms commencing on 1 July 2026 means employers will be required to pay their employees' super at the same time as their wages. The measure is intended to make it easier for employees to track super payments and reduce losses associated with disreputable employers;

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- the government has also recently announced a reform package called Better Retirement Products, designed to support innovation in quality retirement products, allowing funds to offer more product options to help members make the most of their super. Initiatives like these which aim to permit more innovation and give members more choices in how they draw down and spend their super as income in retirement are very welcome;
  - a number of other measures have also been announced dealing with co-contributions, concessional and non-concessional contribution caps and the bring-forward rule;
  - the Bill proposing an increase in the tax rate from 15% to 30% on super balances over \$3 million did not pass parliament in its final term of this year, with commentators suggesting it is now unlikely to be passed before the Federal Election;
6. The superannuation industry is accustomed to ongoing debate about further proposed changes and reforms, however legalsuper's priority is to keep all members informed and supported when change actually occurs, rather than being distracted by debate and uncertainty:
- active participation in relevant industry discussions to ensure the members' views are represented and advocated for and when any changes do occur, ensure members are made aware of those that are relevant, what they actually mean and whether they need to take any actions;
  - the focus at legalsuper remains rigorously and relentlessly as it has successfully been for more than three decades – dedicated to empowering the legal community to build wealth for their life in retirement;
  - the goals and strategies of the board and management team remain the same as follows:
    - Keeping members informed and actively supported as they navigate the twin impacts of volatile investment markets and ongoing reform;
    - Providing safe stewardship and prudent management of their superannuation savings;
    - Maintaining the same high standards and continuously improving; and
  - legalsuper highly values the trust of the members and will continue to work hard to ensure their trust and confidence is well placed.
7. The Chair handed over to CE.

## 2 Fund Update

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8. The CE expressed his welcome and appreciation to those members attending the meeting.
9. The CE noted in relation to investment performance:
- delivering strong investment returns over the long term – but especially during periods of volatility and uncertainty – is a fundamental principle of legalsuper's investment strategy and there has been a demonstrable track record of delivering on this principle;
  - legalsuper's MySuper Balanced option, where the majority of the members are invested, recorded a net return of 8.02% for the year ended 30 June 2024 – a result that continued the

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- record of delivering above the investment performance goal of CPI +3% over the past 10 years and also continued the record of outperforming the SuperRatings median over the past 3, 5 and 10 years;
- for those members who selected to invest outside the MySuper option, for the 23/24 financial year the following returns were delivered:
    - a) 8.92% for legalsuper's Australian Shares option;
    - b) 9.32% for Growth option;
    - c) 10.77% for the High Growth option; and
    - d) 15.89% for Overseas Shares option;
  - in the first four months of the current financial year to 31 October 2024, legalsuper's MySuper Balanced option has achieved a 4.34% return, placing legalsuper in the top quartile of the SuperRatings's All Funds and SR50 performance table for that four-month period and continuing its long-term record of outperforming the SuperRatings All Funds median over 3, 5, 7 and 10 years; and
  - this strong, sustained investment performance reinforces the strategic approach to investment, incorporating both the conviction to the role of active management and also to the downside measures built into the portfolio.
10. legalsuper's genuine commitment to placing members first and continue actively working to reduce fees - a reduction of more than 23% in the weekly administration fees from \$1.30 per week to 99 cents per week, effective from 30th November, 2024 has been achieved.
  11. Members continued to demonstrate, through research and direct feedback, the high value they place on personal service and the highest quality standards across all the engagement methods.
  12. Member webinars exceeded target participation rates with attendance numbers increasing by 149% on the prior year, a 95% customer satisfaction score was recorded for personalised one-on-one consultations and a Google Review Rating of above 4 out of 5 was obtained from the members.
  13. Growth in member numbers is escalating strongly with a 300% increase in new members joining the fund since April 2024 compared to the prior six months.
  14. The importance of providing members with a diverse range of investment options which suit individual members' stage of life and aspirations, including 12 superannuation investment options and 10 pension investment options.
  15. legalsuper's Direct Investment Option, which has been recognised with a number of industry awards, is designed for members who choose to take a hands-on role in making decisions about how their superannuation is invested by enabling them to directly purchase and sell investments, track their performance and access competitive market research.

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

16. Directors approved the revised Retirement Income Strategy at the November 2024 Board meeting, designed to assist members through the important phase of approaching retirement right through the time they spend in retirement.
17. Research was undertaken into the breadth of legalsuper's investment offerings and the advice services and information requirements provided to members, which has driven an expansion to the range of offerings and the content of educational tools and resources for the members to access in support of retirement planning and investment decision-making.
18. There has been concerted focus on applying best-in-market knowledge, technology and innovation to further enhance the services offered and the way in which they are provided, upgrading the website in January 2024 to incorporate improved functionality, resources and security following the launch of the mobile app late in 2023, providing a secure and streamlined way for members to check their super at any time, from anywhere.
19. legalsuper was recently awarded the SuperRatings – Winner Super Review and SuperRatings Best Default Insurance Offering at the 2024 Super Fund of the Year Awards, making legalsuper recipient of this award for the second year running together with the following awards:
  - Rainmaker triple A Rating for "legalsuper Pension and Personal"; and
  - SuperRatings Gold for the MySuper Balanced, Personal Super, Employer Super and Pension products.
20. legalsuper has partnered with Zurich Australia Limited to design and deliver insurance specifically tailored to members of the legal community in terms of cost, flexibility and suitability and the offer is regularly reviewed to ensure it remains best-in-class and an important part of the overall value proposition.
21. The provision of a highly personalised approach with each claim receiving the attention of one of legalsuper's individual case managers to ensure efficient and responsive handling.
22. Actively reinforcing to members the importance of having binding nominations documented and up-to-date and, as part of this process, encouraging members to sign up to all the digital channels including the Member Access portal and the App to ensure they receive the latest communication.
23. Leadership & transformation are core themes that drive legalsuper's ongoing focus on innovation in member benefits and services, led by legalsuper's skilled executive team.
24. The executive team works closely with the Board, who all have strong roots in the legal community, a deep understanding of member's needs and expectations, and an abiding commitment to helping them achieve their retirement aspirations – providing a unique combination of expertise specifically designed to deliver outstanding retirement solutions to members.
25. legalsuper has a shared commitment to the success of its members and the legal community from which it was founded and it is demonstrated through its partnerships with Australia's law societies, institutes and other organisations which benefit the members.

## Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

26. Money is not spent on high-profile media advertising, such as television or billboards, sponsorship of major sporting teams or expensive promotions, but rather, the Members Best Financial Interests principle is applied to making decisions about how legalsuper invests modestly in highly-targeted on-line advertising and continuing legalsuper's well-established support of the legal community, including;
  - supporting continuing professional development (CPD) programs across Australia's Law Societies and Institutes plus the Australasian Legal Practice Management Association (ALPMA) and the Leo Cussen Centre for Law;
  - supporting wellbeing in the legal community through the Mental Health First Aid training initiative pioneered with the assistance of Mental Health First Aid Australia and other key legal sector stakeholders and which has now seen more 900 legal community members become accredited 'Mental Health First Aiders'; and
  - understanding that accessing super is some way off for students, creating partnerships with university law societies and student bodies including Australian Law Students Association, the Leo Cussen Centre for Law and the College of Law to assist in ensuring tomorrow's members are well equipped for the future through a range of initiatives across education programs, mental health first aid training and career fairs.
27. An integral part of legalsuper's business planning process is the active management of risk with the Board driving a commitment to the highest standards of corporate governance practice, and promotion of a strong risk culture.
28. legalsuper's Risk Management Framework sets out how the Board manages risks that could have a material impact on the operations of Legal Super Pty Ltd, legalsuper and/or the interests of its beneficiaries, which includes systems, structures, policies, processes and people that identify, assess, monitor, report on, mitigate and manage all internal and external sources of risk, including the failure to implement and maintain an effective governance framework.
29. Risks are monitored and a quarterly risk report is provided to the Audit, Risk & Governance Committee and the Board.
30. Managing and mitigating cyber risk is an ongoing operational priority for all businesses.
31. As part of this process, legalsuper engages a leading cyber risk management company to perform regular penetration testing, vulnerability assessments and phishing attack simulation exercises.
32. legalsuper complies with APRA's CPS234 Information Security Standard, which establishes how Australian financial services organisations should govern, manage and operate their information security capability, and in addition, all material outsourced providers are required to provide an annual information security attestation.
33. legalsuper's external custodian plays a critical role in supporting and managing the security of legalsuper by safeguarding the assets and assisting to ensure compliance with all regulatory standards.



# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

34. After a thorough review and investigation process, in October 2023 Northern Trust was appointed legalsuper's custodian - established in the US in 1889 and now having a global presence, having serviced clients in Australia and the Asia-Pacific region for more than 30 years. Through application of their world-class data analytics capabilities, they play an instrumental role in providing accurate, timely reporting and oversight, contributing significantly to the integrity and efficiency of legalsuper's operations and an effective and constructive working partnership has developed with Northern Trust in the first 12 months.
35. As Australia's superannuation sector continues to experience growth and consolidation and a range of challenges associated with this ongoing evolution, it is recognised and understood that there continues to be an increase in the scrutiny and oversight of the sector's performance by regulators and the Government as it expands and evolves.
36. The Chair thanked the CE and handed back to him for the investment strategy update.

## 3 Investment Strategy Update

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37. The CE then spoke to the following matters:
  - high interest rates, coupled with persistently high inflation, accompanied by escalating geopolitical conflict, remained key influences for the period;
  - while there were expectations that sustained interest rate rises would result in a slowing of inflation and economic growth, potentially leading to a recessionary environment, economic growth remained positive during the year under report;
  - equity markets continued the strong performance seen during the prior year with the US market performing particularly solidly for the period;
  - technology stocks - in particular those within the Artificial Intelligence (AI) space - performed especially strongly with the technology-focussed NASDAQ generating convincing double-digit returns for the period;
  - the Australian share market also performed well, with the S&P/ASX 300 Accumulation Index returning 11.9% and the S&P/ASX Small Ordinaries (small cap) index returning 9.3% over the financial year;
  - overall, the strong equity market was a key driver behind the positive returns generated by legalsuper for the 23/24 financial year, and this saw the MySuper balanced option, where the majority of the members are invested, record a solid return of 8.02% for the period;
  - importantly, this result continued the record of delivering above legalsuper's investment performance goal of CPI +3% over the past 10 years and the MySuper balanced option had returned an annual average of 4.9% over the last three years, 0.3% ahead of the SuperRatings All Fund median annual average of 4.6% for the same period;
  - this performance had been over a period in which highly volatile investment market conditions have persisted and continued legalsuper's history of sustained, strong, long-term performance with the MySuper Balanced option outperforming the SuperRatings All Funds and SR50 performance table median over the past 3, 5 and 10 years;

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- legalsuper had a higher proportion of members than the industry average who choose to invest outside the default MySuper Balanced option. legalsuper has 58.5% invested in the MySuper Balanced option compared to the industry average of approximately 80%. For those legalsuper members who had selected other investment options the following returns were delivered for FY 23/24:
  - a) 8.92% for Australian Shares option;
  - b) 9.32% for Growth option;
  - c) 10.77% for High Growth option; and
  - d) 15.89% for Overseas Shares option
- from 30 June 2024 to the present, global and Australian investment markets had shown diverse trends, shaped by influences including central bank policies, inflation dynamics and economic performance. In Australia, the Reserve Bank of Australia (RBA) kept interest rates steady amid slow economic growth which is projected to be around 1% for the year;
- inflation eased slightly but remains above the RBA's target range, resulting in a continuing tight monetary policy environment, with these conditions impacting general investment markets, including superannuation funds, which, despite slower growth in the domestic economy, benefited from a stable equity market and a gradual recovery in sectors like technology and energy;
- globally, markets have reflected regional disparities – as an example, in the U.S. where a softer labour market and declining inflation saw the Federal Reserve initiate interest rate cuts, resulting in a stabilising of bond yields and an encouraging impact on equity performance;
- in Europe where recessionary pressures were evident, the European Central Bank lowered rates to support growth while Japan experienced economic volatility driven by a yen appreciation after unexpected rate hikes by the Bank of Japan. This strengthened the currency but created challenges for exporters and equities;
- while much has been reported on China's slower-than-expected recovery, recent government stimulus announcements have provided some optimism;
- overall, however, for Australia's superannuation sector, overseas investments had contributed positively to performance from 30 June until now, despite volatility, with the U.S. market's resilience, driven by tech and consumer sectors, offering growth opportunities;
- in the context of the domestic and global investment market environment in the first four months of the financial year to date, to 31 October 2024, legalsuper's MySuper Balanced option had achieved a 4.34% return, placing legalsuper in the top quartile of the SuperRatings's All Funds and SR50 performance table for that four-month period and continuing the long-term record of outperforming the SuperRatings All Funds and SR50 performance table median over 3, 5, 7 and 10 years;



# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- in addition to providing members with regular investment performance updates it was also important to present the strategic context in which the performance was achieved, and in legalsuper's case, its strategy centred on maintaining a well-diversified portfolio, focussed on high-quality assets which collectively provided sustained, strong long-term returns through a balance between upside benefit and downside risk;
- a key element of this strategy was the application of an active oversight role with the investment managers, combined with the agility possessed as a smaller, boutique super fund, enabling legalsuper to identify and capitalise on more specialised and capacity-constrained asset classes that show high levels of innovation and strong growth prospects;
- legalsuper's investment beliefs include:
  - a) optimal decision-making leads to strong member outcomes and is facilitated by appropriate governance structures;
  - b) rigorous research of both the expected benefits and potential risks of investment opportunities leads to strong member outcomes;
  - c) key comparative advantages being longer-term mindset and size, and that legalsuper can improve member outcomes by exploiting these;
  - d) real, long-term returns were most important; however, it is recognised that members have choices and returns relative to peers are important;
  - e) recognising the need to take risks in order for the Fund to achieve its return objectives, with risk only taken when it will:
    - deliver appropriate reward; and
    - is managed through asset manager allocation, manager selection, overlays and portfolio construction; and
    - legalsuper aims to capture most of the upside in strong markets and to minimise losses
- legalsuper investment beliefs also include:
  - a) the importance of strategic asset allocation in delivering long-term returns while managing volatility and risk; and
  - b) that environmental (including climate change), social and governance opportunities and risks exist and should be taken into consideration to the extent can be practically done so and within the context of optimising net, risk-adjusted returns.
- By way of examples of recent investments legalsuper has made applying these beliefs, the following is noted:
  - a) at the 2023 Annual Members Meeting, legalsuper presented on its investment in The Community Capital Credit Fund, highlighting that not only does the fund provide exposure to a globally diversified portfolio of private credit, but the fees that are paid to the fund manager are directed to social purpose organisations across Australia;

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- b) so far, the manager has committed to donate \$5.3m over the next few years to eight social purpose organisations that deal with a number of social issues including domestic violence, homelessness and out-of-home care;
  - c) an investment was made into the Utilities Trust of Australia (UTA) Fund which is an open-ended core infrastructure strategy with exposure to high quality assets in Australia and the United Kingdom. The Fund has achieved the highest possible five-star Global Real Estate Sustainability Benchmark (GRESB) rating, which is a framework used to measure ESG performance of individual assets and portfolios. The Fund comprises of seven assets targeting the following themes: Energy Transition; Climate Change; and Global Mobility; and
  - d) looking ahead, the challenges legalsuper has faced in the 23/24 year remain in terms of navigating persistent inflation, geopolitical risks and uncertain global growth, however the anticipated easing of interest rates in 2025 could further stabilise markets and in turn provide benefits to legalsuper members.
38. On behalf of the Board, the Chair expressed her appreciation to the legalsuper team for their dedication and diligence in working to support and manage the retirement savings of legalsuper members. Whilst navigating the ongoing impacts of significant market volatility and global instability, the legalsuper team have continued to adapt and enhance the operations, investment strategy and services, providing members and employers with support and resources as and when needed.

## 4 Governance and the Board

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39. The Chair outlined the governance processes in place at legalsuper including:
- the rigorous policies, processes and reporting in place in respect of fund expenditure being in the best financial interests of members and a reaffirmation that this is a commitment of the Board;
  - in line with the most recent requirements surrounding transparency and compliance with the Superannuation Industry (Supervision) Regulations 1994 – Reg 2.10, the website provides details of expenditure in the areas of promotions, marketing & sponsorship, related parties, and Industrial bodies;
  - the highest service and ethical standards continue to be maintained;
  - the Board members all having strong roots in the legal community had deep commitment to the highest levels of corporate governance, a deep understanding of members needs and expectations, and an abiding commitment to helping them achieve their retirement aspirations; and
  - the professional details of all legalsuper directors are provided in the annual report and on the website and show the collective breadth and depth of legal sector and financial services experience and expertise possessed by the Board.

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

## 5 Member Questions and Answers

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40. Combined Questions 1, 2 and 3 from members on the subject of environment-related investments asking about legalsuper's investments in green energy, climate and renewable projects and legalsuper's direct exposure in percentage terms to fossil fuel companies.

Combined Response:

- legalsuper believes that considering environmental, social and governance factors can have a positive influence on the long-term investment outcomes of the members. legalsuper seeks to balance the needs of all stakeholders, with a focus on protecting investors, creating value for society, and maintaining good relations with communities;
- by investing responsibly, legalsuper aims to help protect the financial future as well as contribute to and shape the kind of world that you, your children and grandchildren will live in;
- legalsuper's duty is to act in the best financial interests of the members and the approach is to maximise the value of member superannuation balances over the long term, within acceptable risk parameters;
- in evaluating risks, and selecting investments, an ESG lens is applied across all investments as well as recognising the responsibility legalsuper has to the environment and the wider society as well as considering those factors that have the most impact on members - for example, legalsuper invested in an initiative that facilitates access to healthcare and mental health support for the community at large. This aligns with the business goals to partner with the legal industry and also addresses the important issues facing members and the broader legal community;
- in representing the interests of the majority of the member base (over 70% female), legalsuper had also invested in a female-led founders venture capital fund (Artesian Female Founders Fund), that supports female founded businesses in the early stages of their development;
- legalsuper exercises active ownership in relation to directly held Australian shares and is guided by the recommendations made by the Australian Council of Superannuation Investors (ACSI) as it is believed that by voting in accordance with ACSI's recommendations, (together with other investors advised by ACSI), legalsuper can exert the appropriate influence on the Australian companies invested in;
- some industry portfolio exclusions are applied when making investment decisions. legalsuper remains committed to providing relevant and accessible reporting and communication to members and other key stakeholders;
- legalsuper's investment managers also play an important role in managing legalsuper's ESG risks and opportunities. The ongoing assessment of the investment managers' responsible investment capabilities is a formal component of the manager selection and review process;
- legalsuper currently invests with external investment managers that have exposure to renewable projects both through listed and unlisted funds and strategies, with each

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

opportunity is assessed on its merit and ability to generate an appropriate return for the level of risk taken or more specifically on a net, risk-adjusted basis and at present those investments have been performing broadly in line with expectations;

- on the subject of exposure, as part of legalsuper's Responsible Investment Policy, an exclusions list applies to directly held share portfolios. On that list companies that are involved in the production of thermal coal products where it accounts for more than 10% of total revenue are excluded, although these exclusions may not cover shares in private equity, derivatives or shares in companies which generate revenue from excluded activities; and
- more information about legalsuper's approach to ESG, specific investment examples and an FAQ document are all available on legalsuper's website.

41. Question 4: What does the almost \$1.2million in marketing expenditure consist of?

Response:

- it is understandable that members may have an interest in this subject given the considerable media coverage recently given to expenditure of more than \$301 million by Australia's ten largest industry super funds last financial year on marketing, promotion and sponsorship – covering major sporting teams and mass-media advertising campaigns, amongst other things;
- the regulator APRA is taking a much keener interest in this subject to ensure that all expenditure is in the best financial interests of members, which is a principle legalsuper is committed to upholding;
- an Expenditure Policy is in place which mandates this and guides legalsuper's expenditure to ensure it:
  - relates to proper operation of the fund;
  - is reasonable and prudent; and
  - is in the best financial interest of members
- in line with requirements surrounding transparency and compliance with the Superannuation Industry (Supervision) Regulations 1994 – Reg 2.10 legalsuper also published a table on the website under the Annual Member Meeting tab providing details related to \$1,179,908 of expenditure across three areas of:
  - promotions, marketing and sponsorship;
  - related parties; and
  - industrial bodies
- the sole focus on Australia's legal community enables legalsuper to be highly targeted, efficient and effective in sponsorships, partnerships and marketing activities;

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- as previously affirmed, legalsuper does not spend any money on mass public advertising, outdoor billboards or sporting team sponsorships, with all expenditure assessed to ensure it meets the 'best financial interests of members' criteria;
- judiciously investing to grow legalsuper's fund benefits all members and is one factor that contributes to legalsuper's ability to remain a high-performing fund, delivering strong long-term investment returns to the members;
- partnerships with the Australian Law Societies, Bar Associations, the Australian Legal Practice Management Association and conveyancing and law student associations, all facilitate brand awareness in a relatively cost-effective way, as well as supporting the important areas of continued professional development, financial literacy and wellbeing and the mental health of those working in the legal profession;
- through targeted communication and marketing endeavours, legalsuper is able to better support individual members and legal sector employers to understand their superannuation options and make informed decisions to help improve their financial futures;
- continuing to enhance and innovate the services provided to members and the technology systems and measures put in place to protect members' security will remain a key focus and indeed has recently become an even greater area of scrutiny from regulators;
- to that end, legalsuper will see continued focus on – and investment in – these areas about which legalsuper will always keep the members fully apprised.

42. Question 5: What are the short form summary payments as a percentage of earnings?

Response:

- it is important to clarify that as legalsuper is a profit-to-members or 'not-for-profit' fund, these payments are presented in legalsuper's Income Statement as a percentage of Net Assets;
- accordingly, against legalsuper's net asset figure of just over \$6 billion, the percentages are:
  - Remuneration: 0.051%
  - Promotion, marketing and sponsorship: 0.02%
  - Related party payments: 0.002%
  - Industrial bodies: 0.003%
- as previously advised, a table detailing these payments is published on legalsuper's website under the Annual Members Meeting tab.

43. Question 6: How does legalsuper's performance compare to other industry funds? Annual, 3 year, 5 year and maybe 10 years?

Response:

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- details on legalsuper’s performance have been provided during the presentations, but in the interest of completeness, legalsuper’s MySuper Balanced option, where the majority of the members are invested, recorded a net return of 8.02% for the year ended 30 June 2024;
- this result continued legalsuper’s record of delivering above the investment performance goal of CPI +3% over the past 10 years and from a comparative perspective also continued the record of outperforming the SuperRatings All Funds median over the past 3, 5 and 10 years;
- for those members who have selected to invest outside of the MySuper option, for the 23/24 financial year the following returns were delivered:
  - 8.92% for legalsuper’s Australian Shares option;
  - 9.32% for Growth option;
  - 10.77% for the High Growth option; and
  - 15.89% for Overseas Shares option
- importantly, it is pleasing to report that in the first four months of the current financial year to 31 October 2024, legalsuper’s MySuper Balanced option has achieved a 4.34% return, placing legalsuper in the top quartile of the SuperRatings’s All Funds and SR50 performance table for that four-month period and continuing legalsuper’s long-term record of outperforming the SuperRatings All Funds median over 3, 5 and 10 years. And while the strong performance in the recent short term is pleasing, superannuation by its nature is a long-term investment and it is legalsuper’s consistent long-term performance that legalsuper commends to the members.

44. Question 7: Is there any contingency for a market crash following index funds overinflating share prices beyond company fundamentals and valuation?

Response:

- as part of legalsuper’s investment strategy and asset allocation framework, stress testing the performance of each investment option against a range of factors is undertaken utilising the risk module of legalsuper’s external advisor’s platform;
- in undertaking stress testing, typically 11 projected scenarios that involve six macroeconomic and five market-based factors are used to gauge the performance profile and expected drawdown across the various options;
- this deliberate and considered approach is designed to effectively “shock” the fund under different scenarios in order to better understand the loss profile and how it could impact the investment strategy; and
- in conjunction with the scenario stress testing, liquidity testing is also undertaken to assess how liquid the portfolios are under stressed market conditions. In addition, and in parallel, legalsuper’s external active fund managers are continually monitoring and assessing market and company fundamentals and adjusting positions accordingly based on their assessment of the risk and return outlook.



# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

45. Question 8: Is there any opinion or advice regarding Trump's election, especially regarding overseas shares?

Response:

- while legalsuper is unable to provide any advice or opinions, this is a good example of the kind of scenario that the contingency planning protocols outlined would be applied.

46. Question 9: Clarity on the best method of uploading documents securely?

Response:

- legalsuper will respond to the member directly.

47. Question 10: Why choose legalsuper over ETF?

Response:

- legalsuper can only provide information of a general nature in this meeting, not any specific personal advice;
- however, in terms of making some comparative observations it is noted that legalsuper's sector-based portfolios utilise both index-based strategies, which are complemented with different forms of active management and designed to augment both the expected return and risk-adjusted return;
- furthermore, as part of legalsuper's offerings, ETFs are available to members via the Direct Investment Option Menu, which is only offered by a small number of superannuation funds;
- in terms of investment attributes that legalsuper offers members which are not provided when investing directly in ETFs, legalsuper notes the following:
  - a) diversification and access to various asset classes across listed and unlisted markets;
  - b) exposure to high quality investment managers that are continually assessing markets, risks and opportunities;
  - c) access to opportunities – particularly private assets – that are not available or very difficult to gain exposure to through ETFs;
  - d) investment process and style diversification; and
  - e) diversification of managers and stock insights.
- in terms of member services, key differentiating factors between an ETF and legalsuper include:
  - a) exceptional, personalised services;
  - b) award-winning Insurance offering, tailored specifically to members of the legal community;
  - c) innovating and growing selection of superannuation options and products; and
  - d) member and employer education and information services and products.

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

- superannuation is a long-term investment and as per the responses to the questions about legalsuper's investment performance, legalsuper is very proud to have delivered above the SuperRatings All Funds and SR50 performance tables median return over the past 3, 5 and 10 years.

48. Question 11: Insurance and claims handling is a topical issue, what is legalsuper's position?

Response:

- legalsuper's default insurance was recently awarded the SuperRatings – Winner Super Review and SuperRatings Best Default Insurance Offering at the 2024 Super Fund of the Year Awards, making legalsuper a recipient of this important award for the second year running;
- as the subject of insurance is particularly pertinent right now legalsuper partners with Zurich Australia Limited to design and deliver insurance specifically tailored to members of the legal community in terms of cost, flexibility and suitability and regularly reviews legalsuper's offer to ensure it remains best-in-class and indeed an important part of legalsuper's overall value proposition;
- legalsuper understands how important insurance is to the members and in response the specialised focus on the legal community and scale means legalsuper can take a highly personalised approach to how to provide this important service, with each claim receiving the attention of one of legalsuper's individual case managers to ensure efficient and responsive handling; and
- legalsuper actively reinforces to the members the importance of having their binding nominations documented and up to date and also encourages all members to sign up to all legalsuper's digital channels including the Member Access portal and App to ensure they receive the latest communication.

## 6 Close of Meeting

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49. On behalf of the Board and legalsuper executive team, the Chair thanked all the members for their questions and for attending the AMM.
50. The Chair confirmed that legalsuper remains passionate in pursuing its purpose to deliver strong investment returns for member retirement savings and providing excellent service and support.
51. There being no further questions from members, the Chair closed the meeting at 2.57pm (AEDT).



Confirmed: \_\_\_\_\_

Kirsten Mander, Chair

# Minutes: Annual Member Meeting

Held via livestream at 2.00pm on 5 December 2024

This information is of a general nature and doesn't take into account your objectives, financial situation or needs. Before deciding if legalsuper is right for you, please read the Product Disclosure Statement (PDS) and Target Market Determination (TMD). We encourage you to obtain personal advice from a licensed financial adviser before making any decision. The relevant PDS, TMD, and Privacy Policy are available on legalsuper's website. Past performance is not a guide to future performance.

Legal Super Pty Ltd ABN 37 004 455 789 AFSL 246315 as the Trustee for legalsuper ABN 60 346 078 879.

