

Transcript for Annual Members' Meeting 2024

Our Annual Members' Meeting for the 2024 financial year was held online on Monday 18 November 2024 at 6pm (Sydney time).

Below is a transcript of the meeting.

Richard Burns (RB): Good evening. I'm Richard Burns, the Group Executive of Customer Service at Colonial First State. I'd like to welcome you to your Annual Member's Meeting for the 2024 financial year. In the spirit of reconciliation, I acknowledge the traditional custodians of our country throughout Australia and pay respect to Elders past, present and emerging. This evening is an opportunity to share our progress on our purpose of helping Australians achieve financial freedom.

We do that by providing high-performing super, pension and investment products at very competitive fees, which means more money invested for you. I'm very pleased to say it's been another year of great outcomes for our members. To name just a few highlights, we have outperformed our competitors with above-median investment returns for most of our super and pension members.

We invested to improve the customer experience for members, advisers and employers, and we were once again one of the best rated super funds in Australia for customer service with the lowest level of customer complaints. We'll tell you more about how we performed over the past year in a moment. First, I'd like to outline the agenda for this evening.

To begin with, you'll hear from Greg Cooper, the Chair of our trustee board, which ensures Colonial First State is working as hard as we can for the benefit of our members. Kelly Power, Chief Executive Officer of Superannuation will then take you through the highlights of financial year 2024 on behalf of the Colonial First State management team. Finally, Jonathan Armitage, our Chief Investment Officer, will look back at how investment markets performed and explain how we managed to deliver such strong returns for you.

We're also joined online this evening by David Kells from KPMG as our auditor, the Colonial First State executive team and our trustee directors. Thank you to those of you who submitted questions ahead of today's meeting. Greg, Kelly and Jonathan have considered your questions carefully in preparing their respective updates. Afterwards, they will answer your most frequently asked questions. You're also welcome to submit live questions during the meeting, and we'll answer as many of these as we can.

If you'd like to submit a question during the meeting, click on the 'live Q&A' dropdown menu on your screen. Please note that we won't be able to answer questions that are of a personal nature due to privacy considerations. However, you can schedule a call with our guidance team by going to our website cfs.com.au. Any general questions that we don't have time to answer will be published on our website in the coming weeks. I'd now like to introduce the Chair of our Trustee board, Greg Cooper.

Greg Cooper (GC): Thanks Richard, and good evening, everyone. I'm Greg Cooper, the Chair of Trustee of Avanteos Investments Limited, or AIL. AIL is the Trustee of Colonial First State super and pension products. The Trustee is the legal entity that acts on your behalf to ensure your money is administered and managed responsibly, to achieve the best possible outcomes for our members.

The Trustee's role includes to promote and protect the interests of fund members and CFS for the primary benefit of all members and beneficiaries. Another important part of the Trustee's role is to ensure your fund complies with the many laws and regulations that govern super. Australia's super system is responsible for investing and managing almost \$4 trillion on behalf of more than 18 million Australians.

Super is a vitally important investment in the financial future of all working Australians. Saving for retirement by investing a portion of your wages or salary throughout your working life is one of the key foundations on which the goal that we can all achieve a dignified retirement depends. Tonight's Annual Members' Meeting is your chance to hear directly from AIL about how we're working to ensure our fund members achieve a secure, enjoyable retirement.

Our strategy is focused on ensuring CFS provides outstanding products and services to members and the advisers who support them, helping to make advice affordable and accessible for Australians, ensuring CFS is the most efficient provider of super and investment products and services. The Annual Members' Meeting is also your chance to hear directly from the CFS executive team about how your money has been managed over the past financial year, how your investments have performed, and how CFS is improving our products and services for members. Importantly, it's your chance to ask questions, so please do click on the 'live Q&A' dropdown menu on your screen and ask a question if you'd like to during tonight's event. I want to extend my thanks to the CFS team, financial advisers, and employers for their continued commitment to delivering for our members over the past financial year.

We're very proud of the outcome CFS has been able to deliver for members over the 2024 financial year. CFS once again delivered outstanding double-digit investment returns for most of our MySuper members, while maintaining amongst the lowest fees in the market. On top of that, our most recent member research indicates CFS members are more likely to feel like they're ahead of the curve.

CFS members are much more likely to feel financially prepared for retirement than average, with two in three saying this, compared with less than half of non-members. Our members are significantly more likely to feel they're on track to achieve their goals, with three in four CFS members saying this, compared with just over half of non-members. In fact, CFS members are more likely to feel positive about their financial outlook across the board.

You'll hear more about how CFS is achieving such great outcomes for members from Kelly and Jonathan in a few moments. As Chair of AIL, I'd like to thank our independent directors, Jo-Anne Bloch and Benjamin Heap. Thanks also to John Brogden, who stepped down in August this year. And I'd like to welcome David Lane, who joined the board as an independent director this year.

On behalf of the board of AIL, I'd like to reaffirm our commitment to driving the best possible outcomes for you, our members. Thank you.

RB: Thank you, Greg. I'd now like to hand over to Kelly Power, Chief Executive Officer of Superannuation, to take you through the highlights and key developments of the past financial year.

Kelly Power (KP): Thank you, Richard, and thank you, Greg. I'm Kelly Power, CEO of Colonial First State Superannuation. Thank you so much for joining us this evening. I am thrilled to be able to talk to you today about the work that we have done in the past year to help you grow your super and your retirement savings. At CFS, we manage more than \$150 billion in total, including \$116 billion in super and pension investments held by almost a million Australians.

CFS is also one of the largest payers of pensions in Australia. Last financial year, we paid \$3.44 billion in pension payments to almost 180,000 retirees. We also insure more than 200,000 members and pay over \$120 million in claims each year. It is a responsibility we take very seriously, and it's a critical part of our purpose, which is to help Australians achieve financial freedom, supporting you, our members, to live your absolute best life in retirement. At CFS, we aim to offer you the best choice, the best service and strong returns at highly competitive fees. Whether you access CFS' products directly, through your employer or through your financial adviser. From the questions submitted ahead of this evening's event, I know you're particularly interested in hearing about some specific topics.

These include, firstly, the performance of your investments. Secondly, the fees that you pay and how they compare. And finally, how CFS can help you in ways beyond investing your super and pension money. This evening, we will answer these questions for you. We'll also share some highlights of the past financial year and take a look at what's happening in the year ahead.

So firstly, let's move to performance. Beginning with our financial year 2024 returns. CFS has been widely recognised in the media and by independent research houses, SuperRatings and Chant West for delivering some of the best super returns available in the 12 months to 30 June. Our pension returns also performed strongly according to Chant West. As both Richard and Greg mentioned, CFS again delivered double-digit returns for most of our MySuper members, outperforming many of our competitors with returns that are well above industry average.

For those of you who are invested in our MySuper options, CFS was ranked number one and number two for performance among the MySuper lifestage investment options by SuperRatings. Essential Super (MySuper Lifestage 1975-79) was the best performing growth option, delivering a 14.4% return. FirstChoice Employer Super growth option (MySuper Lifestage 1975-79) ranked second with 14.3%.

Our balanced option, (MySuper Lifestage 1965-69) also delivered strong returns of 12.1%. These industry-leading results were well above the median growth fund return and also the median balanced fund return. These outstanding returns mean more money, working harder to grow your super over the long term. One of the things we pride ourselves on at CFS is offering broad investment choice.

As we know, each of our members have different objectives and retirement timeframes. For FirstChoice members, we offer more than 190 investment options, so you can select the option that best meets your personal investment objectives. For those of you with FirstChoice Wholesale Personal Super, CFS Enhanced Index Growth option returned 12.2%. Our CFS Enhanced Indexed Balanced option returned 11.2%, and Chant West also ranked CFS FirstChoice Growth as equal first in the top ten performing growth funds. In retirement, our pension members also benefited from a very strong investment performance year. CFS FirstChoice Growth was the number one growth option for pension members, with returns of 12%, again well above the industry median of growth options, according to Chant West. And CFS FirstChoice Moderate was the top balanced option, with returns of 10.1%, also above the median for balanced options.

This truly outstanding performance offers timely investment growth for pension members, given the rising cost of living we're all experiencing, with inflation remaining higher than usual. It's also a reflection of the disciplined and diversified approach the CFS investments team takes to managing through volatile market conditions. Jonathan Armitage, our Chief Investment Officer, will tell you more about that when he takes us through how we've achieved this investment performance for our members in more detail shortly.

He'll also provide an update on how CFS investments are currently positioned, as well as the outlook for investment markets. So that's investment performance. Secondly, many of you asked about the fees you pay and whether we can ensure that our fees continue to remain low. I'm pleased to say that our fees remain amongst the lowest in the market, which means more of your money continues to go towards growing your super.

For those of you in Essential Super or FirstChoice Employer Super, our annual fees are 15% lower than the average super fund. For members with FirstChoice Wholesale Personal Super, there is an admin fee of just 0.2%. Our admin fees are 40% lower than the average super fund, and amongst some of the lowest fees in the market. In the year ahead, we will continue to focus on providing the best possible value for money and ensuring that these fees remain competitive.

Next, I'd like to tell you about how we're helping to make financial advice affordable and accessible for everyone. We know that many of our members don't currently have a financial adviser. Yet, we also know that financial advice is one of the main contributors to Australians being able to retire with confidence, according to research that we have conducted over the past 18 months. Advised Australians are more than twice as likely to have a financial strategy in place.

They are also twice as likely to retire at the time of their choosing. Three in four Australians have a strong interest in improving their financial literacy. So many members will already have a financial adviser but for those that don't, we want to help you get advice that suits both your needs and your budget. We connect members who need ongoing financial advice with advisers through the Find an Adviser tool that's on our website. For members with less complex needs, last financial year,

we established a partnership with Otivo, which offers a personalised, affordable digital advice service to members who don't have a financial adviser. Members who don't have an adviser can now access digital advice through Otivo on insurance, investment and pre-tax super contributions, and it's tailored specifically for CFS members. But we know some people need in-depth advice about particular topics.

And so to help meet that, we're launching a new service that will give members a chance to obtain one-off advice on specific topics through an arrangement with the financial advice group we partnered with called, Viridian Advisory. Our specially trained guidance team can help identify the option that best suits you. Visit our website, [cfs.com.au](https://www.cfs.com.au) and request a call back.

Since CFS became a standalone company in 2021, we have transformed our product, service and technology capabilities, enabling us to continually improve our efficiency and the ease with which members, employers, and advisers engage with us. We're continuing to strengthen our investment team, which Jonathan will tell you more about in a moment. We've also launched our new CFS Edge platform in August last year, providing the financial advisers who work with and represent so many of our members with the technology they need to provide you with highly personalised super, pension and investment solutions.

CFS Edge offers incredible efficiencies for advisers, helping to transform the way they do business and freeing up their time so they can focus on helping you achieve your investment goals. We've also redesigned our FirstChoice mobile app with better investment performance insights and notifications to help you manage your super, pension and investments. And we're also improving our service in the lead-up to retirement, as well as once you've retired.

Last financial year, we made it easier for you to move your funds from super into a suitable retirement or pension account. And last month we launched the new Retirement Hub online. This allows members to choose information relevant to where they are at in their retirement journey. It provides relevant tools and education material for your particular stage of life, to make planning or entering retirement as simple as possible.

Plus, our specialist retirement team has conducted more than 2,200 conversations specifically about retirement with individual members, with a satisfaction rating of over 87%. And we're now providing support to help ageing Australians and their carers understand and navigate the aged care system through our Care & Living guidance service. This service offers personalised support through an online portal and a team of consultants so that you can make better, faster and thorough decisions throughout that ageing journey.

In fact, CFS is consistently named among the top funds in Australia by CoreData in terms of preparing our members for retirement. Last year, we were one of only two major funds to improve our retirement services, according to the annual Retirement Confidence Index. Our retirement income strategy, designed to help our members in and approaching retirement, has also been voted number one, two years in a row by Plan For Life.

And when it comes to overall customer service, CFS continues to be among the best rated super funds in the country. In light of recent media commentary on member servicing and in particular

on the payment of death benefit claims, I wanted to take a moment to reassure you that our performance in this area has been very different to what you might hear more broadly.

Firstly, we are among the quickest funds to pay death benefits to members. We have detailed service level agreements in place to closely monitor claims handling processes, and we have dedicated internal resources to support the payment of insurance claims quickly to our members. Additionally, through an independent Office of the Superannuation Trustee, which supports our Trustee Board in carrying out its responsibilities to members, we scrutinise all of our insurer's disputed or declined death claims to ensure our members' best interests are being met.

I'm very pleased to report that on a per member basis, CFS has had the lowest level of complaints out of the largest 20 super funds according to the Financial Complaints Authority. This is something we take great pride in and we'll keep working every day to retain our leadership position. We are always looking for ways to do better and in fact, the rapid progress that we're making was acknowledged at the 11th annual Super Fund of the Year awards last month, where we won the award for the fund with the most momentum.

To sum up, it's been a massive year. We're committed to continually improving your experience as a CFS member, and in particular, we're focused on keeping performance high, fees low and providing the products and services that will set you up for a fantastic retirement. Thank you for the ongoing trust you place in CFS, including myself, in our Board, our investments team and the broader CFS team, in managing and investing your retirement savings. Thank you.

RB: Thank you, Kelly. I'll now hand to Jonathan Armitage, Chief Investment Officer, who will provide an update on investment performance and market movements. Thank you, Richard. Good evening. I'm Jonathan Armitage, the Chief Investment Officer of Colonial First State.

Jonathan Armitage (JA): Thank you very much indeed for joining us. I'm very pleased to be able to talk to you about the reasons for CFS' very strong investment performance, and share our thoughts on the outlook for the year ahead.

I'm absolutely delighted with the great returns we've been able to achieve in the past financial year, to help you grow your super and retirement savings. As you heard earlier, we outperformed our competitors in key categories last year and delivered double-digit returns for most of our members, which is a fantastic outcome. We're continuing to strengthen our investment team to ensure we can continue to deliver that strong performance.

Last financial year, we appointed Al Clark as Head of Investments and John Iles to head up cash management and derivatives. And in September this year, Chloe Brayne joined us to run private equity and unlisted assets. This is part of our strategy to develop our investment process and add more building blocks to our portfolios to deliver better investment outcomes for you.

We're also constantly searching for the best performing fund managers globally and making them available to you and the financial advisers who represent many of you. So an example of that is we've added the alternative fixed income specialists, Fortlake Asset Management, to our menu of investment options. We followed that up more recently with the addition of New York-based global infrastructure specialist Cohen & Steers.

We understand that your investment goals are very personal to you, and that choice is fundamental to helping you achieve those goals. To ensure that we meet your investment needs at CFS, we offer a choice of more than 190 different investment options for our FirstChoice products, with more to come. There were several key drivers that enabled CFS to achieve the strong returns that Kelly mentioned over the last year, which was quite a volatile period in investment markets.

Firstly, though, I'd like to take a moment to reflect briefly on the year that was. There were some significant geopolitical events that contributed to the market volatility over the 2023-24 financial year. We had two conflicts, one in Eastern Europe and another in the Middle East, which are undeniable human tragedies. These events continue to contribute to ongoing market concerns by creating uncertainty around things like oil and petrol prices.

On top of that, we had elections or election campaigns in key global markets in the second half of the last financial year. And of course, we've just this month had the US federal election, with Donald Trump elected to the White House and entering into the administration in January next year. By winning the electoral college, the popular vote and control of Congress, President-elect Trump has been given a strong mandate.

The nature of the vote means investors have clarity about the result, and markets thrive on that certainty. At the same time, there are other longer-term changes affecting global markets, and these include increased government spending on things like defence, the need to support ageing populations, and the global transition to renewable energy sources. These issues are leading to an upward move in longer-term inflation expectations, which is why interest rates continue to be higher than we've experienced for some time.

And even though the US Federal Reserve and the European Central Bank have now begun to cut interest rates, inflation here in Australia has remained more 'sticky', which means the interest rate here could remain higher for a bit longer. For CFS to achieve the strong performance it recorded last year, against this backdrop reflects the very disciplined approach our investment team takes to managing volatility.

We are focused in the way we go about setting up our investment options, making sure that we have a rigorous hands-on investment process in place. And as I mentioned, we also made some additions to our investment team to ensure we've got the experienced individuals in strategic roles so we can continue to deliver the great outcomes for you across a broad range of diversified investment options.

So going back to the investments that contributed to our strong performance last financial year, global equities were the core driver. They delivered returns of almost 20%, with investments in the US and also Japan performing particularly well. Last year, we benefitted from investments in big technology companies focused on artificial intelligence. Examples are Microsoft and Nvidia. Nvidia, which is a company many of you may have heard of, is the semi-conductor company at the heart of the growth of artificial intelligence, and its shares were up over 200%, or threefold, in the last 12 months.

Nvidia's sales growth has been nothing short of extraordinary. To give you an idea of how much, its sales growth last year was greater than the entire revenue of BHP. It's now amongst the top three

companies in the world and continues to grow at a very rapid rate. But while generative AI has been a really strong performance driver for us, other tech stocks have also provided outstanding returns.

Super Micro Computers, which makes servers and storage solutions, is another great example. Its shares were up over 230% last year. We've also seen great returns in the health sector due to the release of new drug types. An example is Eli Lilly, which was up 100% over the year thanks to GLP-1 appetite suppressant drugs that have revolutionised healthcare in both the US and Europe.

And another example is Novo Nordisk, which has performed strongly on the back of several new drug releases. Closer to home, we saw strong returns from Australian stocks. The Australian share market was up nearly 12% during the last 12 months. Banks offered strong performance, as did companies like the Goodman Group, which is focused on data centres and logistics, and so, is another beneficiary of the strength of the technology sector.

One of the other factors that has enabled us to outperform other super funds is that we've had less exposure to legacy unlisted assets than some of our peers. Unlisted assets are those that you don't see listed on a stock exchange, and so don't price on a daily basis. And some examples would include office buildings, wind farms, toll roads and airports.

As office working habits have become more hybrid, some of those older office buildings are no longer able to provide the services that modern tenants expect. The valuations of these assets have also been hit by higher interest rates, which has impacted borrowing costs. That means many legacy unlisted assets are not worth as much as they were two to three years ago, which has impacted some of our competitors' returns.

Now, if we turn our attention to the investment outlook for the current financial year, we think there will be a backdrop of continuing market volatility. Recently, there was a sharp share price decline in August, followed by a very quick rebound. While we started the current financial year with higher inflation and interest rates, we're seeing rate cuts happen in the US and also in Europe.

This has led to improved consumer sentiment and stock markets have recently hit record highs. At the same time, the Chinese authorities and the People's Bank of China have recently announced a wide-ranging stimulus package that included rate cuts, demonstrating some urgency to improve China's economic landscape. While the Australian economy may be somewhat less dependent than it has been in the past on China, this is still likely to be a positive for share markets and also the Australian dollar.

In Australia, we think inflation will remain higher for longer, which could mean higher mortgage rates than many people would like. There is a possibility of rate cuts to come in the second half of 2025, which may offer some cost-of-living relief. Against that background, we think our ability to be agile, to actively manage the equities in which we invest and to manage the mix of our investment types within our investment portfolios, is going to be critical in the year ahead.

There are some very exciting growth opportunities in areas like technology and also healthcare, and we think our funds are very well positioned to benefit from those. We're also starting to see

some interesting investment opportunities come up in some of those unlisted investment classes that I talked about, particularly in areas such as infrastructure, in areas like data centres.

We also think that private debt will continue to offer attractive returns over the next three to five years. All this means we have an extensive range of building blocks that we can use in investment portfolios and offering good diversification across geographies, sectors, and also with different levels of liquidity. We look forward again to delivering strong returns for you through our disciplined investment approach in the current financial year and beyond.

RB: Thank you, Jonathan. I want to thank those of you who sent through questions prior to the meeting. We'll now answer the most frequently asked pre-submitted questions. If you'd like to submit a question now, please click on the 'live Q&A' dropdown menu on your screen. Just as a reminder, if your question is of a personal nature, we won't be able to answer it tonight for privacy reasons, and if we don't have time to answer your question we will publish responses to all questions on our website.

Our first question comes from Toby in New South Wales. I'll direct this question to Greg. Why should I continue to choose Colonial First State over other super fund providers?

GC: Thanks, Richard. Thanks, Toby. First question off the ranks. That's a great question. CFS is widely recognised for delivering industry-leading member outcomes across a range of areas.

As Kelly highlighted in her speech, we are regarded as one of the highest rated retirement funds by independent experts CoreData, and our 2024 financial year returns are verified by SuperRatings and Chant West as market leading, and we focus keeping costs down and lower than industry averages. Again, as Kelly mentioned, CFS delivered double-digit returns for most of our MySuper members, outperforming many of our competitors with returns that are well above industry averages.

FirstChoice Wholesale Personal Super members also had double-digit returns with CFS FirstChoice Growth option ranked equal first in the top ten performing growth funds. So when it comes to low fees, for those of you in Essential Super or FirstChoice Employer Super our annual fees are 15% lower than the average super fund. For members with a FirstChoice Wholesale Personal Super account there's an admin fee of just 0.2%. Our admin fees are 40% lower than the super fund average and amongst the lowest fees in the market. CFS is also committed to delivering excellence in customer service, with the latest data from the Australian Financial Complaints Authority showing CFS had the lowest number of complaints of the top 20 super funds in both the 2024 financial year and over a three-year average.

RB: Great. Thanks, Greg. For our next question, Martin in New South Wales asks, why is so much money being spent on promotion and marketing? Kelly, I'll direct this one to you.

KP: Thanks Martin, for your question. And I can confirm CFS is extremely conscious of our cost base and of expenses. And in fact, as Greg mentioned earlier, one of our key strategic objectives is to be the most efficient superannuation provider in the market.

It's important to explain that all marketing expenditure is paid out of the assets of AIL, and not specifically from the assets of any of the super fund or the super fund balances. Our aggregate, promotion, marketing and sponsorship expenditure for the 2024 financial year was \$8.9 million. And we carefully assess every aspect of the marketing expenditure, to ensure that that it's appropriately spent including preparing our member communications.

So that amount does include things like statements and other forms of communication that we send to almost a million members. So we think that some level of marketing and promotion is important to ensure that our members are kept up to date with developments about their super fund, and also to encourage more members to join CFS.

That allows us to be scalable as a super provider, which allows us to keep our costs down and provide even better services. And the only other thing that I would say is that our disclosed marketing and related party costs are considerably lower than many of our peers in the industry. And given our desire to keep fees as low as possible, we expect that will maintain that position in future years also.

RB: Great. Thanks, Kelly. Our next question comes from Trina in Queensland. Kelly, this is another one for you. What is your remuneration expenditure?

KP: Thanks, Trina. I assume with this you're referring to our director remuneration, which is a part of the disclosures that we send out as a part of preparing for this meeting and the invitation for this meeting.

So, firstly, just wanting to say that we need to ensure that we can attract and retain the best people to oversee your savings in your retirement and investment savings. We manage about \$100 billion in super assets, and we think it's very critical that we have highly skilled and experienced individuals as our Trustee directors. So over the 2024 financial year, our aggregate remuneration expenditure was \$1.7 million.

You would have received information about that in the notice that goes out in a short form summary relating to this meeting and its prescribed fund expenditure for the financial year. And by way of comparison, recent disclosures by other funds showed they're considerably higher in remuneration and expenditure for directors within their funds, with several of them actually having remuneration expenditure multiple times higher than CFS.

RB: Great. Thanks, Kelly. Next up, Paul in Victoria says, I'm glad you included Hyperion Global. Will you be adding more high-performing funds with a great track record? Second part also, will you be removing negative performing funds? Jonathan, I'll direct this one to you.

JA: All right. Thank you. Thanks for the question, Paul. So, we're continuously monitoring our investment managers on the menu, and we seek to identify and add quality new investment choices to improve the outcomes and experience for our members.

I think it's important to remember that past performance is not always an indicator of what's going to happen in the future. As a result, we obviously continue to monitor managers across a wide range of criteria to ensure that they're performing as we expect. This includes obtaining

independent research house ratings as well. One of the things that's very important is that we're listening to our members and their advisers on how we can further enhance the investment menu.

So as of today, we are adding 10 new investment options, which will be available through CFC FirstChoice. And it's a combination of brand-new additions and also replacement of existing managers. And many of those investment options have delivered excellent returns over the longer term. And we've got 23 of our investment options, which are available through FirstChoice Wholesale Personal Super, which have got returns of greater than 10% per annum over the last seven years.

RB: Excellent. Another one for you, Jonathan. Catherine from Victoria has asked, what is the outlook for investment in cryptocurrency as part of the CFS portfolios? Thanks.

JA: Thanks for the question, Catherine. Very topical one at the moment. Right now, we don't have any investments in cryptocurrencies as part of our CFS superannuation portfolios. There are really no fundamentals that drive cryptocurrency valuations, and there's no yield behind those investments.

We think it's actually difficult to assess the value properly in an investment that relies much more on momentum than it does on investment fundamentals. One thing that I would add is that we do believe that the technology that sits behind cryptocurrencies, particularly the blockchain technology, is very interesting. And we do have exposure to those type of investments through our equity portfolios.

RB: Thanks. Rehan in New South Wales has a question, and I'll get you to respond to Kelly. Rehan asks, what is the First Home Super Saver Scheme?

KP: Thanks for the question. So, the First Home Super Saver Scheme is a government-introduced scheme that helps people save money for their first home using their super fund.

So the way it works is that you can make voluntary contributions of money into your superannuation fund. You invest that money and then you ask for those funds back when you're ready to buy your first time. So this is outside of your superannuation guarantee. These are additional voluntary contributions. There's more information about First Home Super Saver scheme on the ATO website. And when you're ready to apply, you use the ATO online services through myGov to go through that application process.

RB: Thanks, Kelly. And the next question is also for you. And comes from Hisaki in Queensland. Hisaki wants to know what are the differences between FirstNet, FirstWrap and CFS Edge?

KP: Great question. And you can see it really points to the breadth of services available in CFS, across our superannuation, investments and across our technology platforms.

So FirstNet, FirstWrap and CFS Edge are all technology platforms for our customers and our customers are either direct members or through financial advisers. So for FirstNet, it's our member portal. And so CFS members can log in to FirstNet through any web browser. Or you can go on to your device and download the mobile app and go through there as well.

FirstWrap is a platform used by financial advisers to provide their advice services through to their clients and CFS Edge, as I mentioned earlier in my update, is our new wrap platform, which launched in August last year and will eventually replace FirstWrap when we move all of those members over into the CFS Edge platform.

RB: Great. Thanks, Kelly. Jonathan, I'll direct the next one to you. Julie in Victoria says, can I switch my funds to the Thrive option? And is CFS committed to this investment pathway overall?

JA: Thanks for the question, Julie. So, yes, you can switch your funds to the Thrive option. There are no switching fees that apply, but there may be some buy/sell spreads that you may incur from selling out of an existing set of assets within your portfolio, and then purchasing the new assets in the Thrive option.

CFS is absolutely committed to the Thrive investment options. We've been very pleased with the strong investment performance since the fund launched in September 2022. If you look over the last 12 months, that's to the end of September, Thrive+ returned just under 21% to members and over a two-year period has returned 16.4%. So, a great investment option and something that we're delighted to continue to support.

RB: Excellent. Thanks, Jonathan. Carolyn in WA wants to know what weighting is given to fossil fuel investments and renewables inclusion in your funds? Second part, is there any focus on investing in renewable companies? Jonathan, back to you.

JA: Great. So thank you for the question. So CFS does not have screens in place regarding fossil fuels or renewables at a whole-of-portfolio level. However, we do offer 12 sustainable investment options that adopt a wide range of strategies and approaches, and that includes the application of both positive screens and also negative ones to both include certain companies and exclude others based on a range of investment and other factors. If you look at our Thrive+ Sustainable Growth fund, it's managed along very clear, sustainable investment criteria that encourages investments in companies with sustainable businesses and with strong environmental, social and governance characteristics.

It specifically seeks out companies that are aiming to achieve sustainable outcomes while also avoiding those companies that, in the view of both CFS and also Thrive+'s investment managers, will have an adverse impact on the environment as well as society.

RB: Great. Kelly, Julie in ACT asks, have there been any successful hacking or fraud perpetrated on members this year? The second part, what are you doing to combat hacking and fraud?

KP: And obviously a very topical, subject and something that we discuss regularly at our board meetings. And we're very committed to implementing technical and procedural measures that align to international cybersecurity standards and to ensure that we're constantly trying to be ahead of the game, relating to, relating to these matters.

We're introducing multi-factor authentication to provide extra protection against unauthorised account access. So the process of maturing our cyber security controls, as well as the validation of their effectiveness is also looked at by independents. So we hire the best people to manage

this. And we also have independent reviews of our process, regularly looking at, regularly looking at our controls as well.

RB: Great. Kelly, also for you. Peter asks, what proportion of your super pension phase customers manage their investments directly with CFS and not through an adviser?

KP: So great question. We have about 180,000 pension customers, about \$40 billion of funds in pension at the moment. I mentioned earlier, we are one of the largest payers of pensions and about three quarters of those funds, are through advisers or are under the support of financial advisers. Advised Australians are twice as likely to retire at the time of their choosing, as I mentioned earlier, and feel a lot more confident. And so supporting financial advice, and working with independent financial advisers is obviously core to the CFS strategy and something very important to us. It's very challenging to navigate retirement without the help of a financial adviser.

So that's why we've invested in those services, including the Otivo service, which I mentioned earlier, the partnership with Viridian and obviously a big supporter for independent financial advice right across Australia.

RB: Great. Thank you. For Jonathan, another question. How does the outcome of the recent US election affect the funds' investment strategy, particularly regarding sectors or regions impacted by potential policy changes?

JA: Yes, it's probably the question that is on lots of people's lips at the moment. So I think there are a couple of things that we've been focused on and I'd say reiterate something that I said in, my earlier remarks is that, it is very clear that the American people have given, the Republican Party and President Trump a very clear mandate. He won the electoral college. He's won the popular vote and now holds both houses of Congress. So I think from an investment perspective, there are three things that we are looking at. The first one is what might happen to labour markets. Trump and members of his incoming administration have talked about reducing migration.

And there's also been discussion about deporting illegal immigrants as well. And we do think that over the next one or two years that will have an impact on the labour market, because it's actually just going to reduce the supply of labour in the US. The second thing is around tariffs. There's been a lot of discussion, throughout the campaign about the incoming administration increasing tariffs, not just on countries like China, but also, the European Union on a wide range of trading partners. And we do think that if those tariffs are enacted, and that is a bit of a big if, that would have an impact on growth, probably slow growth down, but it would also be inflationary because the cost of goods coming into the US would start rising.

The final thing to talk about, which is one of the reasons why you've certainly seen the equity markets perform very strongly since the end of the election, is actually around taxes. Trump talked pretty widely about reducing taxes, both at a personal level and also for businesses. And that's been received very positively. So to sort of sum it up, there are some benefits, certainly reducing taxes, feeding through into increased consumption, is seen as a positive for the economy.

But the issues around the labour market and also increased tariffs may actually negatively impact growth. But we also think are likely to be inflationary. So it may well be that the US interest rates don't come down as quickly as some people had thought, two months ago.

RB: Okay. Thanks, Jonathan. For Kelly, Cheryl asks, my returns do not seem to be anywhere near the levels you mentioned here. Only about half the returns. This seems to be an ongoing problem. Why shouldn't I simply switch to another provider?

KP: So without knowing your specific investment, Cheryl, I would sort of assume that you're probably more conservatively invested. So CFS has over 190 different investment options, even broader if you are in either CFS Edge or FirstWrap, and there's different risk profiles. So depending on where you're invested, you could be and I think and Johnny showed earlier, some of the different returns across the different asset classes. But if you are more conservatively asset allocated, as opposed to being in growth options or high growth options, that would be a different sort of risk profile to what I was discussing previously in my update.

I do suggest that you go on to cfs.com.au and request a call back. These are where the services that our guidance team can provide and talk you through why you're seeing that difference in return, where you're currently invested, and why those returns might differ to the ones that I've spoken about. But also, they can help you refer help refer you to a financial adviser or through one of those tools that I spoke about earlier to give you some support and advice around what to do next.

RB: Great. Another one for you, Kelly. Paul asks, he's 65, about to roll super to pension mode. Whom at CFS is available to give advice?

KP: Well, firstly, congratulations on retiring Paul. I think that's a super exciting time. And absolutely understand the need for some help and some advice. As I mentioned earlier, retiring in Australia with all of the different tax rules and permutations around downsizer etc., you know, optimising social security benefits, it's a really complex time, and difficult to navigate. So I absolutely would suggest going to see a financial adviser or using one of the services that I spoke about earlier. So visit cfs.com.au and there's a service there to request a call back. You can use digital advice from Otivo. You can work with one of our partners at Viridian. And also we have a long list of local financial advisers. We highly recommend you go and speak to one of those also.

RB: Great. Thanks, Kelly, Jonathan, Greg. That concludes the questions that we've received for today. A recording and transcript of today's meeting, the Q&A, as well as any questions we couldn't get to today, will be available on the website in the coming weeks. I want to thank you for being members of Colonial First State, and thanks for joining us this evening.

[ENDS]

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