

CRESCENT WEALTH SUPERANNUATION FUND: ANNUAL MEMBER MEETING

Date & Time	Thursday, 8 February 2024	1:00pm – 1:29pm
Virtual venue	Meeting held online	
Attendees	<p>Equity Trustees Superannuation Limited (ETSL) Board: Catherine Robson (Chair), Mick O'Brien, Steven Carew, David Coogan;</p> <p>Kieran Cummings, Ernst & Young, Fund Auditor;</p> <p>David Warren, General Manager, Clients and Strategic Planning, Superannuation Trustee Services, Equity Trustees;</p> <p>Professor Talal Yassine OAM, Managing Director, Crescent Wealth.</p> <p>Attendees: 7 members and 13 attendees</p>	
Apologies	Sue Everingham (Director ETSL Board)	
1. Commencement	<p>At 1:00pm, Catherine Robson welcomed all attendees, provided an overview of the Agenda for the meeting and noted details of how to lodge questions and who to call to address any technical difficulties.</p>	
2. Introduction and Welcome	<p>The Chair noted that a quorum of ETSL directors, David Warren, Professor Talal Yassine OAM and Kieran Cummings were present at the meeting.</p> <p>The Chair welcomed all members and attendees to the Annual Member Meeting of the Crescent Wealth Superannuation Fund (Fund).</p>	
3. Chairman's message	<p>The Chair spoke about the role of an independent Trustee within the operation of a superannuation fund. This discussion included:</p> <ul style="list-style-type: none"> • An overview of ETSL as Trustee of the Fund and the responsibilities of the Trustee; • Key changes in superannuation and associated legislative changes; and • That ETSL's key role is to protect the interests of members. 	
4. Fund update	<p>David Warren provided an overview of the Fund including:</p> <ul style="list-style-type: none"> • Fund's size and scale; • Product suite; • Key areas of focus; and • Trustee and Promoter addressing performance and scale concerns. 	
5. Key Themes	<p>David Warren addressed the following key themes:</p> <ul style="list-style-type: none"> • Performance test outcomes and actions; • Investment market performance and outlook; • Fund performance example; and • Member Outcomes Assessments. 	



6. **Looking forward** Professor Talal Yassine OAM provided an update on the Fund strategy, including:
- Being a unique Shariah compliant Islamic super Fund in Australia
 - Key achievements;
 - Fund challenges and solutions for members; and
 - Consideration to providing a pension product and mobile app in future.

-
7. **Questions** David Warren and Professor Talal Yassine OAM responded to 4 questions asked by members:
- 1) What is the Trustee's view on the possibility of a global financial crisis given the uncertainty in the world and the main downside risks for Super Fund's Investments for the 2024-25 Financial Year.
 - 2) How will Crescent Wealth adjust their investment strategy to ensure it does not fail the performance test again?
 - 3) How is Crescent Wealth Growth Option performing given it failed the annual performance test. Should we move our money to a different investment option or another fund? What are the key causes of failure?
 - 4) What is the Trustee doing for ethical and responsible investment to reduce climate change?

It was noted that it was not possible to respond to questions about a member's personal account or circumstances due to privacy reasons. The Fund's Administrator would seek to contact these members directly to address their questions.

Written responses to these and the other general questions posed by members are attached to these Minutes.

-
8. **Closing remarks** The Chair thanked all those in attendance and noted that a video of the meeting, the Meeting Minutes and written responses to the general questions submitted by members would be available online within 4 weeks of the meeting.

The meeting was closed at 1:29pm.



QUESTIONS AND ANSWERS

1. What is the Trustee's view on the possibility of a global financial crisis given the uncertainty in the world and the main downside risks for Super Fund's Investments for the 2024-25 Financial Year.

Investing across different asset classes invariably involves taking some risk in order to achieve returns. It is always very difficult to predict what investment markets will do in coming periods. Some of the risks which will likely influence markets in due course include (but are not limited to) widening global conflict, a slowing of economic growth, sustained inflation, and a global credit crunch. It is important that members select investment options that reflect their risk appetite and investment horizon.

Looking forward, many economists and market commentators are pointing out areas of risk and concern that could have impacts on future investment returns.

The Trustee is unable to predict or comment on future returns that may be achieved but notes that market volatility is a part of the economic cycle and returns are unpredictable.

To assist members, the Trustee seeks to provide a diverse range of investments with different risk profiles to enable members to select investment options that are right for them and their personal circumstances.

If you have concerns about selecting the investment strategy that is right for you, it's important to consider seeking professional financial advice tailored to your personal needs.

2. How will Crescent Wealth adjust their investment strategy to ensure it does not fail the performance test again? The key difference for Crescent Wealth Superannuation Fund is that we are Australia's only fully regulated APRA-licenced Islamic super fund with strict, faith-based investment parameters.

Crescent Wealth is continually reviewing and adapting our investment strategy to ensure we are achieving the best possible results for our members in line with our commitment to Shariah-compliant investments.

We're deeply committed to achieving strong returns for members. We measure our performance financially, and ethically.

We have exciting things planned for 2024 that will continue to keep us as Australia's leading Shariah-compliant Superannuation Fund.

3. How is Crescent Wealth Growth Option performing given it failed the annual performance test. Should we move our money to a different investment option or another fund? What are the key causes of failure?

Crescent Wealth Growth option achieved 9.42% for the Financial Year ending in 2023. As a comparison, the SuperRatings* mean Growth result is 11.1%.

**Source: SuperRatings FCRS report.*



Under the Government's Your Future Your Super reforms introduced in 2020, APRA is required to conduct an annual performance test for Choice superannuation products, by comparing the Fund's 8-year rolling annualized return against APRA's Strategic Asset Allocation benchmark. A fund can fail the performance test if it underperforms this benchmark by more than 50 basis points.

The annual performance test compares all Choice products on the same indexes, regardless of whether they are classified as faith-based or ethical or have strict investment criteria, such as Shariah-compliance.

The investment choices available to comply with Shariah investment principles is more limited, which makes it more challenging for Crescent Wealth to achieve returns that meet the standard APRA benchmark.

Our talented investment team continues to be very focused on identifying suitable opportunities and selecting experienced fund managers that are in a position to deliver the best possible returns while being Shariah compliant and aligned to our faith.

I am unable to comment on what is the best option or if you should consider moving to another fund. Only to reiterate, we are a leading, fully regulated superannuation Fund that prides itself on its performance and Shariah compliance over many years.

4. What is the Trustee doing for ethical and responsible investment to reduce climate change?

This is an issue that is increasingly becoming important to our members. It is a common theme that is raised by members and one that the trustee is seeking to enhance its position.

The Trustee is in the process of developing an Environmental Social Governance (ESG) strategy and roadmap. Climate risk and decarbonization have been identified as key areas of focus. As the Trustee of your Fund, we are committed to understanding how and when we have an impact on climate change.

We are developing strategies to reduce the environmental and carbon impacts of our own operational footprint and managing material environmental risks within our fund management and financial services businesses.

5. How Crescent Wealth Growth Option is performing. Last year, it failed the annual performance test. Should we move money to different Super Investment Option or Fund? What are the key causes of failure and what is the best option. I wonder the team should conduct one-to-one call to further explain the situation to the impacted customers and what could be the best course of action?

Crescent Wealth Growth option achieved 9.42% for the Financial Year ending in 2023. As a comparison, the SuperRatings* mean Growth result is 11.1%. (*Source: SuperRatings FCRS report.)

Under the Government's Your Future Your Super reforms introduced in 2020, APRA is required to conduct an annual performance test for Choice superannuation products, by comparing the Fund's 8-year rolling annualized return against APRA's Strategic Asset Allocation benchmark. A fund can fail the performance test if it underperforms this benchmark by more than 50 basis points.



The annual performance test compares all Choice products on the same indexes, regardless of whether they are classified as faith-based or ethical or have strict investment criteria, such as Shariah-compliance.

The investment choices available to comply with Shariah investment principles is more limited, which makes it more challenging for Crescent Wealth to achieve returns that meet the standard APRA benchmark.

Our talented investment team continues to be very focused on identifying suitable opportunities and selecting experienced fund managers that are in a position to deliver the best possible returns while being Shariah compliant and aligned to our faith.

I am unable to comment on what is the best option or if you should consider moving to another fund. Only to reiterate, we are a leading, fully regulated superannuation Fund that prides itself on its performance and Shariah compliance over many years.

6. I need some solid proof, if I decide to invest in global account.

Crescent Wealth Balanced Global option achieved 10.22% for the Financial Year ending in 2023. You can view the performance across our different options including Balanced Global by visiting our website crescentwealth.com.au or referring to our latest Annual Report.

7. What about the letter I received asking me to switch my super as I am losing money? What about home loan service?

As Trustee of the Crescent Wealth Superannuation Fund, Equity Trustees Superannuation Limited (ETSL) was required by law to send a notice via email and post, to our members to inform them of the latest annual performance test outcomes.

Your super is an important investment in your future, so it's worth checking in regularly to help make sure it's right for you.

At any time, you can explore the investment options by signing into your super account.

Please contact Crescent Finance regarding Shariah-compliant Islamic home finance solutions.

8. I am expecting to retire in 2025, how do I retire better with Crescent Wealth and still receive the pension?

Crescent Wealth is not able to provide financial advice on retirement.

However, we do have a retirement income strategy that includes some helpful links, and we are looking into offering a pension product.

We will be communicating to our members about our future plans.

9. Will the offering expand to include choice of shariah compliant Index funds? If so, then what's the timeline? Index funds options are passively managed and should have minimum fees hence likely to have better total net returns.

We currently have no plans to offer Shariah Complaint Index Funds, but Crescent Wealth is looking at expanding its current product offerings in 2024. Please stay tuned for some upcoming announcements.



10. How will Crescent Wealth adjust their investment strategy to ensure it does not fail the government performance test again?

Crescent Wealth is continually reviewing and adapting our investment strategy to ensure we are achieving the best possible results for our members in line with our commitment to Shariah-compliant investments.

We're deeply committed to achieving strong returns for members. We measure our performance financially, and ethically.

We have exciting things planned for 2024 that will continue to keep us as Australia's leading Shariah-compliant Superannuation Fund.

11. Would Crescent Wealth provide any Islamic loaning for members?

Crescent Wealth does not provide loans to members. However, we can say that Crescent Finance has launched Shariah-compliant Islamic home finance solutions. Please contact Crescent Finance.

12. Please explain what the consequence is of failing the annual performance test. What does this mean long term?

The consequence of failing the annual performance test is the Trustee of the superannuation fund, Equity Trustees Superannuation Limited (ETSL) sent a regulator prescribed standard letter (soft and hard copy) to fund members to inform them of the result.

All impacted Crescent Wealth Fund members will have received the standard letter by the 28th of September 2023.

Longer term, Crescent Wealth continues to focus on achieving the best possible returns to support the retirement savings of our members.

Your super is an important investment for your future, so you should regularly check in with your investments to learn more and see if they're right for you.

It's also important to do your own research to familiarize yourself with the features of your super fund (including investment approaches and adherence to Shariah-compliant principles), and you might also consider financial advice to help with your own circumstances.

13. I received an email on the 27th of September 2023, about the Annual Performance Test - can tell us more about this and why some of your investment options are not performing well.

The APRA annual performance test is part of the government's Your Future, Your Super reforms. The performance test gives you an idea of how certain super products are performing every year. The performance test assesses the returns of MySuper and Choice products offered by Australian super funds, net of fees and taxes, over the last eight years against a benchmark set by the government.

Under the Your Future Your Super reform introduced in 2020, APRA is required to conduct an annual performance test for MySuper and Choice products offered by superannuation companies, by comparing the fund's 8-year rolling annualised return against APRA's Strategic Asset Allocation (SAA) benchmark. A fund can fail the performance test if it underperforms by more than 50 basis points.



The annual performance test is used to compare all MySuper and Choice products on the same standard indexes, regardless of whether they are classified as faith-based or ethical or have strict investment criteria, such as Shariah-compliance.

Three of the Crescent Wealth options failed (Conservative, Balanced and Growth).

The consequence of failing the annual performance test is the Trustee of the superannuation fund, Equity Trustees Superannuation Limited (ETSL) sent a regulator prescribed standard letter (soft and hard copy) to fund members to inform them of the result.

All impacted Crescent Wealth Fund members will have received the standard letter by the 28th of September 2023.

Longer term, Crescent Wealth continues to focus on achieving the best possible returns to support the retirement savings of our members.

Your super is an important investment for your future, so you should regularly check in with your investments to learn more and see if they're right for you.

It's also important to do your own research to familiarize yourself with the features of your super fund (including investment approaches and adherence to Shariah-compliant principles), and you might also consider financial advice to help with your own circumstances.

You can view our recent performance by visiting the performance page on our website.

14. How are you evolving your investment strategy to invest assets directly into the community and less into listed market securities (e.g., SME financing, car financing, etc.)?

At Crescent Wealth, our investment strategy is dynamic and continually adapting to align with our commitment to fostering positive community impact both in Australia and globally. We actively explore investment opportunities that directly contribute to the well-being and development of local communities.

To date, Crescent Wealth has successfully invested in a range of managed funds that invest in impactful assets, such as day hospitals, specialist doctor clinics, and various medical centers throughout Australia. These investments not only generate financial returns but also contribute to the enhancement of healthcare services within communities.

Looking ahead, Crescent Wealth is committed to expanding its portfolio of community-focused investments. We are currently looking into further investment opportunities that will further empower and uplift various segments of the community.

Our investment team remains vigilant in identifying opportunities that align with our Islamic values, ensuring that our investment strategy evolves in tandem with the changing landscape of community needs.

MEMBER PERSONAL QUESTIONS

All questions relating to a member's personal account have been included in the appendix to this pack. Both the promoter and administrator have been contacted as required to assist members with these questions.

**Disclaimer:**

Equity Trustees Limited (ABN 46 004 031 298) AFSL 240975, Equity Trustees Wealth Services Limited (ABN 33 006 132 332) AFSL 234528, HTFS Nominees Pty Ltd (HTFS) (ABN 78 000 880 553, AFSL 232 500), Equity Trustees Superannuation Limited (ETSL) (ABN 50 055 641 757 AFSL 229757) and EQT Legal Services Pty Ltd (ABN 32 611 391 149) are part of the EQT Holdings Limited (ABN 22 607 797 615) group of companies, listed on the Australian Securities Exchange (ASX:EQT).

References within this document to “Crescent Wealth” are intended to be references to the Crescent Wealth Superannuation Fund and the Trustee. Crescent Wealth Funds Management (Aust) Pty Limited is the Responsible Entity, Promoter and the Investment Manager of the Fund. The information provided in this presentation is given in good faith and is current at the time of the presentation. Past performance is not a reliable indicator of future returns. All information contained in this presentation is general in nature only and should not be relied upon as personal advice. You should speak with a financial adviser for information tailored to your specific objectives, financial situation and needs. To get a copy of the Product Disclosure Statement and Target Market Determination, go to the fund website at crescentwealth.com.au or call Crescent Wealth on 1300 926 626.

This communication is intended as a source of information only and should not be construed as legal advice.

Copyright © 2024 Equity Trustees. All rights reserved.