

FUTURE SUPER FUND: ANNUAL MEMBER MEETING

Date & Time	Wednesday 5 February 2025	3:00 pm – 4:00pm
Virtual venue	Meeting held online	
Attendees	<p>Equity Trustees Superannuation Limited (ETSL) Board: Catherine Robson (Chair), Mick O'Brien, Steven Carew.</p> <p>David Warren (General Manager, Superannuation Services, Equity Trustees)</p> <p>Meagan Brayne (Executive Director, Product and Operations, Future Group)</p> <p>Simon Sheikh (CEO, Future Group) - appeared by video</p> <p>Adam Kuziow (Fund Auditor, Deloitte)</p> <p>Attendees: 25 members and 28 attendees</p>	
Apologies	ETSL Board Directors: Sue Everingham, David Coogan, Suzanne Holden	
1. Commencement	At 3:00pm, 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.	
2. Welcome & Year in Super	<p>The Chair welcomed all members and attendees to the Annual Member Meeting of the Future Super Fund (Fund).</p> <p>The Chair noted that a quorum of ETSL Directors, David Warren, Meagan Brayne and Adam Kuziow were present.</p> <p>The Chair noted the video presentation by Simon Sheikh, the CEO of Future Group, as the Sponsor of the Fund.</p> <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"> • Ongoing regulatory change and upcoming reforms; • Retirement solutions and support; and • Key changes in claims and member experience and the rationalisation of funds and products. 	
3. Fund Update	<p>Meagan Brayne provided an overview of the Fund including:</p> <ul style="list-style-type: none"> • Commentary regarding the Fund's structure, size and scale; • Product and investment offers along with insurance cover; • The Sponsors key areas of focus over the year; and • Provided an example of Fund investment performance. 	
4. Trustee Review	<p>David Warren addressed the following key themes:</p> <ul style="list-style-type: none"> • Investment market performance and market outlook for 2025; • Fund performance test results and sustainability outlook; and • Member Outcomes Assessments. 	



5. Looking Forward

Simon Sheikh provided a video update on plans for future developments in the Fund covering:

- Welcome to Future Super and Verve Super members
- Acknowledgement to traditional owners of the land
- Future Group update and Fund highlights including performance and growth of Future and Verve Super
- Advocacy for climate and gender equity issues
- Strategic initiatives covering member services, fee reductions and digitally led products improvements.

6. Questions & Answers

David Warren and Meagan Brayne responded to the following 4 questions asked by members:

- 1) How do the Fund returns compare to the industry average?
- 2) Under what conditions would Future Super consider no longer screening out uranium mining and nuclear energy?
- 3) How have you prepared for shifts in companies' ESG actions or policies following the Trump re-election and the inevitable relaxation of climate-positive regulations?
- 4) What are the key drivers and outlook for the investment markets in 2025-2026?

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 would seek to contact these members directly to address their questions.

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

7. 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 3:48 pm.



QUESTIONS AND ANSWERS

Members provided a range of questions, most of which were submitted prior to the meeting and few during the meeting. Below is the list of all member questions.

1. How do the fund returns compare to the industry average?

Future Super and Verve Super delivered strong returns over FY24. Future Super's Balanced Index option returned 10.1% over the year, while Verve Super returned 9.9%. Sustainable investment screening provided a performance boost for both products over the period.

SuperRatings estimated that the median balanced super fund would return 8.8% for the financial year. Both funds had a strong result in comparison to industry peers.

Additionally, both Verve Super and Future Super employ a negative screening approach - screening out fossil fuel companies as well as gambling, tobacco and weapons companies. In FY24, the screening approach has helped position Future Super and Verve Super as leaders in responsible investment returns.

And of course, it's important to reiterate that *returns are not guaranteed and past performance is not a reliable indicator of future performance.*

2. Under what conditions would Future Super consider no longer screening out uranium mining and nuclear energy?

(Please note: I am not asking what would make Future Super consider investing in these things. I am sure there are categories that Future Super doesn't invest in despite not being screened out. My question is specifically related to screening out, and whether uranium mining and nuclear energy are forever on the naughty list, no matter what happens at any time in the future).

Future Super has no plans to change our screening policies in relation to nuclear energy and uranium mining for a number of reasons. Some of our reasoning includes:

- Nuclear fission is much more costly than renewable energy to set up, takes longer to build, and has much higher maintenance costs.
- Where nuclear reactors are built is a controversial issue. No community is likely to volunteer for a nuclear reactor due to the dangers associated with it.
- The nuclear energy supply chain increases the risk of nuclear bombs and creates security risks. India, North Korea, Pakistan, South Africa and the UK have all covertly used nuclear energy to assist them in the development of nuclear weapons. Argentina, Australia, Brazil, Libya, South Korea, Taiwan, and possibly Algeria all began using civil nuclear technology in nuclear weapons programs but then discontinued these programs.
- Small Modular Reactors have been touted as a climate solution, but they carry all the same risks as traditional nuclear power plants while putting out less electricity.
- There is still very limited progress towards safe long-term storage of high-level nuclear waste.



3. How have you prepared for shifts in companies' ESG actions or policies following the Trump re-election and the inevitable relaxation of climate-positive regulations?

Future Super and Verve Super are focused on investing in line with a future that's worth retiring into.

Over the coming decades climate change will reshape economies, particularly as governments and companies meet net zero commitments. The new president of the US and a shift in US policies doesn't change that fact. We will see a decarbonisation of economies as we move towards a net zero future, and this shift has already begun around the world.

This is core to our long-term goals and strategy, as Future Super maintains that investments in renewable energy and moving money away from fossil fuel companies will see our members benefit from this long-term macro trend.

4. What are the key drivers and outlook for the investment markets in 2025-2026?

The key drivers of financial markets in the coming year are expected to be inflation, interest rates, economic growth expectations and geopolitical risk.

The Reserve Bank of Australia is balancing its interest rate response between the desire for economic growth and the fear of inflation. There is an increasing expectation that interest rates will be cut in 2025, which would be a positive driver for the domestic equity market.

The big unknown for investors is how major geopolitical risks will unfold over the year. From conflicts in the Middle East and Eastern Europe to the possible foreign and domestic policy changes in the US, uncertainty is still present. Investment markets tend to not like uncertainty and this could lead to periods of volatility and lower returns.

In 2025, global investment markets may be shaped by slow economic growth, high inflation, and ongoing technological changes. Investors will likely focus on tech, clean energy, and ESG sectors, while also keeping an eye on interest rates and global events. Volatility will remain, but there may be opportunities in innovation and sustainability.

In the past few years, we have experienced an extraordinary chain of events post pandemic, interest rate changes, with the war in Palestine, U.S. election and upcoming federal elections in Australia. All contributing to uncertainty and volatility.

In times of market volatility investment balances may decline, but it is important to remember that markets move in cycles. Volatility is a natural part of the economic cycle and markets are influenced by a range of factors and are inherently unpredictable.

Remember that for most investors, superannuation is generally a long-term investment of 20 years or more. When investing over the long term, your super investments will likely need to withstand the volatility produced by these cycles more than once. While growth assets are more volatile, they also have higher expected returns over the long term which may assist your retirement outcome.

It is important to consider what is the right investment strategy given your personal circumstances.

5. What industries are Verve focusing on for our investments?

Investment in companies that mine, extract and burn coal, oil and gas is actively avoided. Verve gives our members the opportunity to invest in a more equitable and sustainable future through our screening work and through investments that aim to have a positive impact.



You can find more information about how Verve Super invests here:
<https://vervesuper.com.au/ethical-investing/>

6. **How does your performance and fees compare to other funds e.g. Industry Super Funds?**
7. **Why should I continue being a Verve member when other Super funds may be performing better in terms of returns of investment?**
8. **How do the fund returns compare to the industry average?**

Noting that the above questions relate to investment performance we have consolidated the response.

Future Super and Verve Super delivered strong returns over FY24. Future Super's Balanced Index option returned 10.1% over the year, while Verve Super returned 9.9%. Sustainable investment screening provided a performance boost for both products over the period.

According to data from SuperRatings the median balanced super fund option returned 8.8% for the financial year*. This figure includes the balanced MySuper options offered by many Industry Super funds. Both funds had a strong result in comparison to industry peers.

Verve Super and Future Super employ a negative screening approach - screening out fossil fuel companies as well as gambling, tobacco and weapons companies. In FY24, the screening approach has helped position Future Super and Verve Super as leaders in responsible investment returns.

* <https://www.lonsec.com.au/2024/07/03/media-release-super-funds-lock-in-strong-returns-over-june/>

Returns are not guaranteed and past performance is not a reliable indicator of future performance.

An assessment of the level of fees for each product in the Future Super Fund as compared to comparative products based on statistical data published by APRA is produced annually in the member outcomes assessments. For the latest member outcome assessments please go to

<https://www.futuresuper.com.au/documents-and-forms#member-outcomes-assessments>

9. **Why does the Future Super screening strategy not include a negative screen for companies profiting from apartheid or genocide? 2. Does Future Super have any plans to ask Future Super members if they would prefer a negative screen for genocide and apartheid to be included?**

Future Super have drafted our screening strategy and processes to remove exposure to industries that Future Super believes are not compatible with a sustainable future and to maximise the impact of our investment strategy. Future Super believes our current screening approach does adequately remove exposure to industries that are incompatible with a sustainable future and does not necessitate extra screens at this time. Future Super structures our screening process to apply the most relevant screens to asset classes to adequately address ESG issues.

All companies Future Super invests in must comply with our screening criteria. Annually, the Fund reviews all listed companies it has investment exposure to ensure they still comply with our screening rules. The Fund also actively monitors companies it invests in between those annual reviews, including monthly reviews that take into account any news from non-government organisations, media outlets or other third-party sources.



As Future Super are regularly reviewing companies, this ensures that we are aware of ESG issues within our investments as they arise and gives us an opportunity to assess the situation, and how companies are responding. Our research, investment decisions, and engagements with companies are logged and tracked within our database, meaning we have a repository of knowledge that we have built up over the years that gives insight into ESG risks and issues at companies we assess. This informs our investment decisions and helps us identify where ESG issues may be present for a company, where repeated patterns may occur, how companies have rectified issues, and how we should respond as a responsible investor.

- 10. Does FS invest in any company linked to illegal Israeli settlement? If so, I want you to divest from any association with this occupation, in line with the principle of responsible investing. Thank you.**
- 11. With the global developments of the last year, it's become imperative that each dollar we have is placed ethically, and it's why a lot of us (I imagine) are with Future Super. What assurances are you able to offer that Future Super does not invest in the Israeli war machine?**
- 12. When will Expedia be divested from due to its operating in occupied Palestine? Have any other investments that do not comply with BDS been identified or made in the past year?**
- 13. What is the fund's status on divesting from Israeli war efforts?**
- 14. Will Future Super consider screening companies to consider operations in Occupied Territories?**

Noting that the above 4 questions all relate to the conflict in the Middle East we have consolidated the response.

At Future Super we have a set of negative screens in place - if companies fail these, we rule out investing with them. Some of our screens that are relevant to this issue include screens that prevent us from investing in weapons companies and companies that have documented contracts with military forces that make up a significant portion of their revenues.

Expedia is a travel company with a global footprint and they do not fail our negative screens. We will continue to engage with companies that have been identified as operating in the region and escalate our response if appropriate. For further details please see updates on our website: <https://www.futuresuper.com.au/blog/bds-investment-update/>

- 15. Why are we spending \$1.9m on promoting the fund? That is far too much. Please justify this expense.**

Encouraging other members to join the Fund helps us to achieve greater scale. In superannuation, scale – being the size of the Fund – is very important in achieving the most cost-efficient outcomes for members.

Future Group have been able to reduce fees for members several times in recent years, and we plan to announce another fee reduction in the coming months. Achieving greater scale is key to being able to reduce fees for our members, and promoting the Fund is an important part of our growth strategy. Our promotion expenditure is low in comparison to other super funds in the industry.



16. Will there be anything done on water conservation, waste management and more green energy?

These are all topics Future Group care about, and you can find more information about our investments in these specific industries on our website by viewing our portfolio holdings disclosure.

Future Super will highlight a few investments in these industries here but please note that depending on which investment option you are in, you may not have exposure to all these investments. Again, you can find information about all the investments held in the option, or options, you are in on our websites.

- Water conservation: We invest in the Kilter Rural Murray-Darling Balanced Water Fund. This fund invests in water rights used to irrigate farmland in Australia's food bowl and has a positive impact program whereby the fund donates water to wetlands, protecting native species and rehabilitating wetlands in partnership with conservationists.
- Waste management: One company we invest in with innovative waste management practices is Brambles. It's a listed supply chain logistics company which uses circular economy practices, sharing and reusing pallets, containers, crates and bins across its supply chain to reduce waste.
- Green energy: We have a number of really exciting investments in renewable energy. Today we'll highlight ZEN Energy. Through our Future Group Private Debt Trust, we have provided financing to ZEN Energy, which is an energy retailer focussed on getting more renewables on the grid. Among other ZEN Energy projects, our debt investment is helping to fund construction of a 111-megawatt battery storage facility in South Australia.
- Investments may be held directly, or indirectly through Exchange Traded Funds (ETFs) and other managed investment vehicles.

17. Will the fund be screening out investment in companies that are seen to be aligning with, or influencing, or have the potential to influence our government or interfere with our democratic society? For example, companies associated with Elon Musk, Mark Zuckerberg, Jeffrey Bezos?

The Future Super Fund does not invest in Tesla, Amazon or Meta. The reason being that those three companies do not pass our screens for a variety of reasons. Please note that investments may be held directly, or indirectly through Exchange Traded Funds (ETFs) and other managed investment vehicles.

You can find more information about Future Super screening and investment processes and what we mean by fossil fuel companies and investments at <https://www.futuresuper.com.au/how-we-invest>.

You can find more information about how Verve Super invests at <https://vervesuper.com.au/ethical-investing/>

18. I love the fund and investment returns. Have you, or are you, considering having investment options? To allow members to choose.

Yes, Future Group know that this is something members want and we've been working to make this happen. In a few months we will be in touch with news relating to this, so please keep an eye out for emails.

19. I imagine there has already been a lot of queries on this but where does Future Super stand on investing in and the use of Artificial Intelligence?



As the technology continues to develop it seems like it relies on the theft of intellectual property, huge release of carbon emissions and is subject to volatility as the technology continues to evolve and more companies come into the fray.

Future Super haven't yet implemented any specific screening in relation to AI. However, the supply chains, treatment of workers and environmental impact of AI would be considered under our screens relating to those subjects.

All companies we invest in must comply with our screening criteria. Annually, the Fund reviews all listed companies it has investment exposure to, including international companies, to ensure they still comply with our screening rules. The Fund also actively monitors companies it invests in between those annual reviews, including monthly reviews that take into account any news from non-government organisations, media outlets or other third-party sources. As we are regularly reviewing companies, this ensures that we are aware of ESG issues within our investments as they arise and gives us an opportunity to assess the situation, and how companies are responding.

You can find more information about Future Super screening and investment processes and what we mean by fossil fuel companies and investments at <https://www.futuresuper.com.au/how-we-invest>.

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20. How will Trump's trade war activities impact FS equities investment strategy?

The policies from the Trump administration will have a macroeconomic impact and therefore will likely impact all investors. Our investment team monitors this kind of news and considers how this may impact markets. Future Super are not currently making any significant changes to our equities investment strategy.

21. Does Future Super have a recent carbon footprint report of it's investments (not just own operations)?

Future Super do not currently release a carbon footprint report on our investments. Future Super's operations are certified carbon neutral by Climate Active. Last year, Future Super's parent company, Future Group, partnered with academics at the University of Technology Sydney to create a tool for measuring the carbon emissions from an equities portfolio against the carbon budgets established by climate science as necessary to meet the aims of the Paris Agreement. The tool is called RealZero Check and you can find more information about it at www.realzerocheck.com.au.

Future Group can report that we ran all of Future Super's equities portfolios through RealZero Check and they were all below budget. Our plan is to continue to use this tool and to be able to put out public reports regarding our portfolio emissions in the future.

22. Is it possible for Future Super to make investments that produce non-direct-financial returns for members? For example investing in construction of retirement villages and aged care facilities which Members then get priority/discounted access to (especially increasing portion of people who don't own home and thus can't sell it to 'buy in' to existing facilities).

At this point in time we are not able to offer that kind of benefit to members.



Disclaimer:

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