



Company: Commonwealth Superannuation Corporation

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[START OF TRANSCRIPT]

Janet Torney: Welcome, everyone, and thank you for joining us for the annual members' meeting of Commonwealth Superannuation Corporation, or CSC as we call it. I'm Janet Torney. I'm the Chair of CSC and your host for today's meeting. Before we commence, and in the spirit of reconciliation, I'd like to make an Acknowledgement of Country.

I acknowledge the Ngunnawal people, the Traditional Owners and Custodians of the land on which we're meeting today. I acknowledge and respect their continuing culture and the contribution they make to the life of this city and region. I'd also like to acknowledge the Traditional Owners and Custodians of the lands from which all of our online attendees are joining us. I pay my respects to their Elders past and present, and I also extend that respect to all Aboriginal and Torres Strait Islander people today in the meeting.

Today's agenda is going to include reflections of the past year from myself and our CEO Damian Hill, presentations on customer experience and investments, and a member Q&A session. You're able to submit questions at any time using the button in the middle of the screens if you're online. For those who are joining us in the room today who are our employee representatives, please make sure you just put your hand up and ask a question. I can see someone holding a microphone over there. We'll get to that in a bit of time.

We will endeavour to [ask] all of your questions. If your question, though, relates to your own specific circumstance, we can't address that today. We suggest that you contact our customer support team, with their contact details being on the website.

I'd like to start by introducing you to the people of CSC, the trustee with overall responsibility for your superannuation. Most of these leaders are in attendance today, either with me here in the room or joining online. So, first, to my fellow Directors - who for those in the room are largely sitting over here - of our CSC Board.

Our member-elected Directors¹ are Melissa Donnelly, Arundhati Tandel, Rear Admiral Lee Goddard, CSC, and Major General David Mulhall, DSC, AM, CSC. Our appointed Directors are Jacqueline Hey, Juliet Brown, AM, Andrea Hall, and Emilio Gonzalez, along with myself. Second is our executive team led by Damian, who's our CEO. He has responsibility for the leadership and executive management of everything related to CSC, a very small role. We are very glad to have you in that role.

He's very ably assisted by Alison Tarditi, our Chief Investment Officer, Andy Young, Chief Operating Officer, Adam Nettheim, our Chief Customer Officer, Catharine Armitage, Chief People Officer, Andrew Matuszczak, Chief Transformation and Information Officer, and Nevein Versace, our Chief Risk and Compliance Officer.

Finally, our key service providers who are also in the room with us today. Our auditors are from the Australian National Audit Office, supported by Deloitte, and our actuaries are from the Australian Government Actuary and Mercer.

¹ These directors are member-representatives appointed by the Minister for Finance. Melissa Donnelly and Arundhati Tandel are nominated by ACTU, and Rear Admiral Lee Goddard and Major General David Mulhall are nominated by the Chief of the ADF.



So, now to my reflections on the past year, or the past year for [unclear] and for me who've been here eight months now. It is my privilege, and I genuinely mean that, to chair my first meeting for members for CSC.

Over the past 20 years I've worked across superannuation, investments, infrastructure and insurance, including as a chair and CEO of other superannuation funds. Through those experiences, I've seen firsthand the positive impact that superannuation has on people's lives. That perspective shapes how I'm going to certainly be approaching the role at CSC, and that's by always having you, our customers, at the centre of every decision that we make.

This annual members' meeting is an opportunity for us to connect with you, to listen, to answer your questions and to share how we're working on your behalf. Tonight, we're joined by customers across Australia and overseas. Some of you are just starting out, opening your first account in superannuation. Others are preparing to retire and enjoy the savings that you've built up over a lifetime, and others of you have maybe been retired for a few or many years and hopefully busily enjoying this period after full-time work.

You represent a multitude of industries and professions. You represent every stage of life and every kind of service to our nation. Thank you for being here. We're honoured to walk this journey with you.

The last 12 months continue to have been challenging times for our customers with ongoing cost of living pressures, significant global unrest, natural disasters and shifting economies. In these testing times, please be assured that CSC has remained steady, and continues to put your financial interest first so that we can deliver on CSC's mission of being here to be the trusted and valued partner who achieves long-term investment objectives, guides informed retirement decision and gives our members peace of mind that their families and futures are in safe hands.

I'd like to provide a bit of an overview of how we at CSC are structured. We're slightly different from what a lot of other people may think. Notably, we're a trustee. What that means is that your superannuation is held in trust, and it's our duty to protect it and to act in in your interests. It's a responsibility that we take very seriously with independence, transparency and a clear purpose.

The Directors who comprise the CSC Board bring diverse experiences relevant to your super and a strong understanding of our customers. We oversee everything from governance, strategy, risk management, customer experience, investments, and stakeholder engagement. We know that the superannuation industry faces ongoing challenges, and these can affect the services that you rely on. We're not immune from them. So, CSC leadership - and that's collectively the Board and the executive - consider and address such matters on an ongoing basis.

Over the past year, and in light of an updated regulatory framework, the Board has enhanced its oversight capabilities, and we've focused on enabling the appropriate culture throughout CSC to deliver on its very wide array of responsibilities. When we consider the value to you, our customers, over the last year CSC, we believe, has risen to the challenge of managing that turbulent external environment, that changing regulatory landscape, and the strong competition across the industry.

Some highlights are, our transformation work is delivering, we believe, real benefits. For example, we've strengthened wellbeing support for our customers through services such as My Psychologist and the AIA Vitality. On the investment front, all CSC investment options continue to perform well, delivering on their long-term risk-adjusted investment objectives. The MySuper Balanced option returned just over 10.5% for the year to June 2025, assisting both PSSap and ADF Super customers to grow their real wealth².

I note with pleasure that the aggressive and income-focused investment options ranked first in their category for long-term risk-adjusted returns, and we believe that we're making those investment strategies

² 10.6% for PSSap MySuper Balanced, 10.5% for ADF MySuper Balanced.



easier for you to understand - I know that can't necessarily be easy - and that's through enhanced tools and communication.

Now to retirement support. We've expanded and enhanced our offering with enhanced live events, tailored advice, digital resources, helping you to make the plans for the future with confidence. These efforts were recognised by *Money* magazine in late 2024, which named CSC the best innovation in retirement.

Cyber security still remains a top priority. We have a very strong IT governance framework and undertake regular testing to protect customer data. Damian, Adam, Alison, will all expand on these highlights in their comments, and then Bree Joseph - our Employer Relationship Manager Defence, and the one who'll be hosting the Q&A session - can facilitate any follow-up matters.

Looking ahead, the Board remains focused on customer outcomes, strategy, governance, and the oversight of our very complex business. As part of the CSC team, we take the responsibility to protect and grow the retirement savings of the Australian public sector and defence personnel very seriously.

I've focused my comments on our commitment to you, our customers. This can only be achieved with the dedication, integrity, and hard work of all of our people. We are a family. To the CSC staff, a huge thank you for your professionalism, customer focus, specialist expertise and understanding of the special contribution that we make to the lives of around 750,000 Australians who are dedicated to public service. All your efforts are well-noticed. They bring to life CSC's purpose to empower our customers to achieve the dignified retirement they deserve.

To my fellow Board members, thank you for your wisdom, challenge and collective leadership, and to all of our external service providers who are an integral part of service delivery, thank you. There are a couple of special thank-yous I need to make, and I want to make, at Board level. I want to pay particular tribute to Gary Hounsell, our previous Chair, who completed his term as CSC Board Chair last December. Gary served CSC for nearly a decade, providing steady and effective leadership through a period of major transformation. His commitment kept purpose at the centre of this change.

I also want to acknowledge two other of our Directors who have recently completed their terms with CSC, Ariane Barker and Alistair Waters. Thank you for your strategic insights, collaborative focus, and commitment to CSC and its challenge. Then finally, to you who are attending the AMM today, thank you for your trust. It's a privilege to serve those who serve our nation. You remain at the heart of everything we do, and we will always keep a focus on doing what we can to earn your trust every day. Damian.

Damian Hill: Thanks very much, Janet, and thank you. Can I extend my welcome to you all for joining me today? It's a privilege to stand here on behalf of CSC, an organisation that has been serving the Australian Public Service and the Australian Defence Force for more than a century now.

Superannuation in 2025, however, is at a real turning point after 103 years. The landscape is shifting, shaped by regulatory reform, digital disruption, demographic change and growing expectations around cybersecurity. Through it all, CSC's purpose remains steady, to empower our customers to achieve the dignified retirement they deserve. Tonight, I want to share with you the key themes shaping that future, how CSC is performing, how we're modernising and how we're continuing to deliver for our customers.

You've just heard from our Chair, Janet Torney, who brings decades of experience across superannuation, investments and Board leadership, and it's great to have that experience because across the industry, super funds are facing major shifts. Assets of the whole system have now passed over \$4 trillion, one of the top four pools of money in the world, and the superannuation guarantee has reached, finally, 12%. However, most of our customers, of course, as you will know, are already enjoying a higher contribution rate than that.

On the regulatory front, from 1 July 2026, payday super will require employers to pay super with wages, helping to expose that money to compound interest earlier and helping close the gap on retirement savings and adequate retirement. On that same date - and we all know when we live in Canberra that all these things seem to happen on the same date, whatever it is in your own environment - but on the same date also marks the proposed start of Div 296, which is a new tax on those with account balances over \$3 million. So, it's a



tax on realised capital gains. Importantly, it only will apply to the amount above \$3 million, okay? So, the vast majority of our customers will not be impacted with it.

At the same time, funds are under growing pressure to deliver stronger returns and higher service standards, and in this changing landscape our focus remains clear and unwavering, delivering that long-term performance and personal support you can count on. When we consider both the benefits - so the lump sums we pay, but also the pensions that we are responsible for - they now amount to around \$315 billion, placing CSC among Australia's top three super funds. With that scale comes a responsibility to deliver strong, sustainable outcomes for every customer.

Meeting that responsibility starts with a disciplined investment approach and management. So, for the financial year to 30 June 2025, all of our core products exceeded their benchmark objectives, and every one of our diversified options passed APRA's annual performance test. That's a real testament to our disciplined, risk-adjusted strategy, one that balances both growth but with protection through different market cycles. Alison, our CIO, will talk more to this in her remarks.

As I move to the customer front, engagement continues to grow. More than half our customers now use CSC Navigator, which is our digital platform designed to give you control, convenience and confidence in one secure place, even if you have multiple memberships with us. Last year alone, more than 350,000 of our customers logged in to check their balances, to update details, to access statements, CPI notices, et cetera.

The Navigator is also at the heart of our digital transformation. Over the coming months, we'll be migrating several of our super schemes to a single modern administration platform in a partnership with Novigi, and I've talked about this in previous AMMs. However, what this will mean this year is that the planned upgrade will mean a limited service period of around two weeks in February 2026. This is only for our defined contribution customers - that's PSSap, ADF Super and CSCri. Defined benefit customers will be largely unaffected during this time, though for them we'll be transitioning their services and their platforms over the next two years.

The upgrade will simplify operations, strengthen compliance and futureproof our systems, providing copious opportunities to improve the experience for every customer. As always, we will keep you informed, so please look out for more detailed communications in the coming weeks about what this change means for you. This transformation is about more than just technology. It's about creating a seamless, secure and consistent journey for our customers, wherever they are in their career, or indeed in retirement.

Our digital strategy is guided by three simple principles. Firstly, customer self-service. Navigating your super should feel as intuitive as online banking, and our continuous feature enhancements to the CSC Navigator reflects that vision. We've got still a lot more to do, but we're really keen about the opportunities this will provide. Secondly is security by design. All digital and backend modernisation steps are guided by security as a default. It's built from day one, not as an afterthought. The third principle is personalisation through data. As we, our partners, and the internal teams harness data using those insights and AI responsibly, we'll provide customers with the right information at the right time, maximising engagement, support and confidence.

Another thing that supports confidence is cybersecurity, and it continues to be one of our top priorities. In April this year, several of Australia's largest super funds were hit by a cyberattack. Thankfully, only a small amount of money was taken, but because of the strong protections we've built over a number of years now, your super with CSC remains safe.

Our approach to cybersecurity is fully aligned with the government's 2030 cybersecurity strategy. We've embedded multi-factor authentication, real-time threat detection and enhanced data protection across all of our systems. We're not just meeting the standards. We're helping set them, and with the new requirements of the *Cyber Security Act* of 2024 now integrated, CSC remains at the forefront of better practice and compliance.



As the regulatory landscape continues to evolve, our governance and compliance teams are working tirelessly to stay ahead, whether it's APRA's performance tests, new service standards that are going to be mandated, or the retirement income covenant. Our goal is not just to comply, but to lead with integrity and purpose, because at the heart of super is trust. That trust is built on transparency, service and results.

Recent research from CoreData reinforces this. It is trust, even more so than investment returns, that is the strongest driver of confidence and engagement amongst super customers. That's why CSC's trustee structure that Janet talked about, tailored insurance and specialist advice network are so important. They ensure our customers receive the support and clarity they need to make informed decisions, and this year more customers than ever are telling us they're having a better experience with us, as customer satisfaction is continuing to rise.

Across all of our schemes - and we do run 11 schemes - results have improved again this year, with our latest quarter delivering the strongest outcome since we began surveying our customers on this. In our defined contribution schemes, scores have lifted from minus five last year to plus one at 30 June this year and have then surged a further 14 points in the financial year to date to reach plus 15, our breakthrough result.

For our defined benefit schemes, they have strengthened again, improving by five points over the past two years to 30 June and a further three points this year. So, confidence in our investment performance has grown steadily year on year, reinforcing trust in the way we manage and deliver returns. So, these results show that clearer communication, faster responses and major improvements to our digital services are making a real difference to customers.

We also know that retirement is no longer a hard stop at 65. It's increasingly a phased journey, blending work, lifestyle and financial choices. Indeed, some of the work and lifestyle choices are more important than the financial choices, yet only one in 10 Australians consistently feels comfortable with their financial wellbeing in retirement.

So, that's why CSC's role goes beyond managing investments. It's about helping our customers make confident decisions at every stage of their life, not just during the working age, but also in retirement. Through personalised tools, practical advice and flexible income solutions, we're supporting customers to navigate that transition, especially those leaving obviously the defence or the public service. Our retirement income strategy is designed to do exactly that, tailoring pathways based on each customer's circumstances, goals and longevity expectations.

That's one of the key questions you have to face, how long am I going to live, or how long do I need the money to last for? So, just to give you some idea, that CSC customers who make it to retirement and draw a pension live almost 10 years longer than simply looking at the Australian Life tables. So, when you go to look for advice or answer that question - it's one of the key questions - you've got to take that into account and that's important for your retirement plan.

It makes the sustainable income planning even more important, taking that into account. Reassuringly, the average customer in our DC schemes of PSSap and ADF Super retire with 30% more than the ASFA Comfortable Retirement Standards, and those standards and the amount per year are up on the slides in front of you. So, this gives them a stronger foundation for those extra years. In the past year alone, more than 500 additional customers began receiving a CSC retirement income, alongside many choosing to withdraw on their defined benefit pensions.

Together they joined over a quarter of a million Australians already supported through CSC pensions, a powerful reminder of the scale and strength of the community that we serve. With that community are extraordinary stories of longevity and resilience. Each month, one of the things I do is that I have the privilege of signing birthday cards for customers turning 100. I had that privilege in the past year alone of doing that 280 times.



So, that gives you just an - I'll say it's a remarkable milestone, and I occasionally also get cards back from some of those customers talking about and reminiscing about how long CSC has supported them. They're often a widow, but this can be decades and decades. It's a testament to lives well-lived and to futures we are here to protect.

So, as I look forward to 2026 and beyond, CSC will continue to lead digital transformation, embedding secure customer-first experiences, will continue to maintain the highest governance standards with proactive oversight and renewal, as Janet has talked about. We will continue to enhance our education, our tools and communications to make super simpler and more personal, and engage our customers and stakeholders early and meaningfully, listening, consulting, and hopefully co-designing better outcomes together.

Our mission remains clear, to support customers through change, safeguard against new forms of risk, and deliver value in a world where certainty is rare, but trust is everything. In closing, CSC's strength doesn't come from our size, the size of our assets, or the length of our history. It comes from our unwavering focus on trust, performance, and innovation, and you, the people that we serve, and who have served and are serving Australia.

In a time of rapid technological and regulatory change, our leadership is measured not just by how we respond, but how we anticipate and lead. The results speak for themselves - strong returns, resilient systems, engaged customers and a shared purpose that keeps us all grounded in service. Together we'll continue to protect and grow the super of those who serve Australia and deliver the dignified retirement they've earned. So, thank you, and I will now hand over to Adam Nettheim, our Chief Customer Officer.

Adam Nettheim: Thank you, Damian. Good evening. Thank you for letting me have the opportunity to speak to you tonight. We've talked a little bit about our mission. We've touched that a couple of times. Every day we turn up to work with a purpose. Our purpose is to support you with wellbeing, providing specialist guidance, strengthening our partnerships with the people who help support our customers, creating trust through strong compliance and driving continuous improvement.

With the legacy that we've touched on, a hundred-plus years, we feel we have a profound purpose and responsibility. We heard from Damian about the liability level that we manage, the \$315 billion. One of the other exceptional figures that we haven't touched on tonight is the amount of money that we pay out every fortnight. We talked about the volume of people who receive a pension, but the volume in dollars is now exceeding \$400 million a fortnight. We think that's one of the biggest pension runs in Australia, if not the biggest, and that brings with it responsibility and joy when we get to help those people live their best lives.

The scale is, of course, matched with the diversity of our membership. Ages, the roles that they've played, the lives that they've lived and the experiences that they've had are just as diverse as any other fund. The purpose of superannuation, though, remains really clear, helping people have a dignified retirement. That dignified retirement starts, to me anyway, at your first contribution. That moment is important. That moment from then on is important to get you to your best possible position at retirement.

Fulfilling that purpose that we have requires a lot of collaboration. We work not just within ourselves, but with government agencies, the wider super sector, regulators and so on to strengthen the design of the superannuation system to help all Aussies get a better outcome from what is a remarkable system that we have here in Australia. We continually look to uphold the highest standards of compliance.

That is really important and I think something that in Australia we should be very proud of. Sometimes compliance can have a negative tone to it, but the reality is compliance is critically important to make sure that the industry behaves in the way that we should and gets the outcomes for the end customer that we're expecting to get.

Numbers are only part of the story. Our approach is very much about our culture, a commitment to putting you first. Damian's mentioned, and I think Janet mentioned it as well, that we put our customers front and



centre, and we bring you into the room with us in some regard when we're making decisions. It's about listening, responding and growing in step with the needs of a changing environment.

Superannuation is often thought of as a retirement vehicle - and essentially, as I said, that's what it is about - but what about the role of super before then? Where does it play? Life happens before you retire. Buying your first home, injury or illness, family transitions, changes in work, all of these things can be part of or impacting into your superannuation, and it's something that we have, again, great responsibility to help you through. CSC is committed to helping support you during these times, not only as a financial provider but often as a partner who helps you outside of some of the financial aspects.

This approach can be multifaceted. Our educators and partner resources provide you, and can provide you and your family, with financial literacy assistance, planning tools and confidence to make informed decisions and regain a sense of control, sometimes when you feel that life might be a little out of your control. We've got a great partnership with AIA, a very large insurer in Australia and globally. Through AIA - and that's the insurance particularly for our PSSap customer base - through AIA you've got access to a couple of other features. It's not just the insurance components that cover you for injury, illness or worse. It's through things like AIA Vitality Starter.

What is it? It's a way to take practical steps to improve your health and your wellbeing and get more and make more healthy choices. That's really important. The more you take action in becoming healthy, the more opportunity you have to earn. It's a reward system. The healthier you get, the more you receive. We've recently launched this to our customer base. We're the only super fund, by the way, who has released this to their customer base through AIA. We're very proud of that.

In the first month, more than 5,000 customers activated AIA Vitality Starter, and some of the rewards have actually contributed back into superannuation. As people have received reward dollars or reward credits, some people have chosen to tip that back into their super as an additional contribution. So, not only are they getting healthier, or are you getting healthier, you're also getting the option to top up some of your super or do other things with the rewards that you receive.

The partnership with AIA also opens up a different opportunity. It's called My Psychologist. Mental health and mental health challenges - we all know and we all have probably known people who have experienced some challenges with their mental health. The telehealth service that My Psychologist provides allows for tailored mental health support for both the member and their family.

It's really important. It's not just you as the member who gets access to this. It's the family members as well. This telehealth service connects you to qualified professionals in a way that's timely and, most importantly, affordable. Increasingly, we think these kinds of additional services are going to be helpful for the Australian community, and beneficial for the Australian community.

In 2025, and as mentioned before, CSC's retirement income strategy earned national recognition. Damian mentioned before that only one in 10 Aussies feel comfortable with their retirement position. That's not a comfortable position for us, that only one in 10 might feel that way. So, our angle here is, how do we make that a much bigger percentage who are feeling confident with their retirement? Our retirement approach is not a one-size-fits-all, and it's not a digital-only experience. It's very much a human and digital approach.

So, we're allowing you to self-serve to some degree, and also reach out for assisted expert guidance. It respects the diversity of our membership, acknowledging that everybody's circumstances are very different and their goals in retirement are very different, from age and employment status to lifestyle and financial perspectives. Our customer cohort-based retirement profiles make it easier for people to find a pathway forward, empowering you to make good choices through personal income stability, maximisation strategies and flexible withdrawal options and estate planning options as well.

It also provides access to some innovative products including annuity features, in development in a partnership with industry leaders like Challenger. It is encouraging for us that a large percentage of our customer base, around 83% of our PSSap customer base under the age of 49, are on track to achieve a very



comfortable retirement. Again, you start with only one in 10 Aussies feel comfortable with their retirement position. We can see that with that 83% mark we're probably likely to see more of our customers feeling much more comfortable about their retirement position.

Our focus is to ensure that retirement is not the end. As Damian said, you don't just check out at 65 anymore. That's not a typical retirement. It's a fulfilling new chapter. It's when you should feel supported in every aspect that you do in retirement and in your wellbeing. So, becoming a retirement partner to our customers means that being there at every step, whether it's helping you understand your financial options, reducing the admin burdens of getting into retirement, or supporting you as you navigate some fairly tough and sometimes often emotional times in your life, is supported by us.

That non-financial component of retirement is an area where we are really leaning into. In a lot of conversations that we've had with near-retirees, it's not the finances that are worrying them. It's what do they do on Monday? Who do they connect to? How do they lose the friendships that they've had in their work life? How do they have purpose? We think, particularly with people who have served either in the ADF or APS, purpose is really important. Most people join those mechanisms to give back to the community. They want to feel in retirement that they're still doing some of the same.

I'm going to switch gears a little bit here. I'm going to focus on the ADF customer base that we have. We also appreciate the very unique journey of ADF customers and their families, and we're committed to supporting them both through their experience while they're with the ADF and beyond, giving them support through tools, guidance and care when they need it, during service and beyond, as I said.

The defence workforce, we believe, is changing and responding to a rapidly changing global environment which presents both opportunities and challenges. Serving defence personnel face increasingly complex career trajectories and heightened expectations, and we expect heightened expectations from them for digital and personalised services and CSC continues to adapt and support these needs.

Additionally, thousands of ADF customers will continue to transition to civilian life and we understand that financial wellbeing is a cornerstone of a successful transition, where sometimes veterans and families face unique financial challenges, and again emotional challenges as they move out of a known environment into quite the unknown.

In response, CSC created the Vets Hub platform, which has been running for several years now and continues to expand, including with partners such as Legacy Australia, a really important partnership with us. This dedicated resource for serving ADF members, veterans and families offers tailored resources, real stories and practical support around financial wellbeing, life during and after service, transition planning and superannuation strategies. From the first day of ADF service to transitioning into life after service, CSC stands by all its ADF customers and families.

A big focus for CSC continues to be working with our employer partners - your employers, for those of you who are still working. We support the organisations which you work for, and how we do that is critical for supporting you. We believe in doing this we contribute to attract and help attract supporting and retaining top talent in public service. Our employer engagement is built around a compelling employee value proposition that comprises competitive super schemes, meaningful employee benefits and a culture of wellbeing and learning.

We're there to help employers on every step of the journey, onboarding new staff, tailored educational support for new starters and mid-career employees, delivering webinars on super basics and advanced retirement planning, and supporting you, their staff, when life and change impacts you. We've got some employer reps in the room here, and I'd like to thank them for the engagement that they've allowed us to have with their staff. It's been impressive and continues to grow. Some of the experiences that we're getting through those engagements are really exciting.

As Damian said, super can feel complex and overwhelming, which is why we continue to look to make it simple. Our member educators in the last year saw more than 33,000 people in the workplace or through



virtual mechanisms. Guidance, simplicity and information is what they've been able to provide, and to a number that we haven't seen before. At the same time, over the same year, more than 3,500 PSSap and CSCri customers have taken up one-on-one sessions with our super specialists.

In just 30 minutes, they've walked away with practical, tailored guidance, whether it's consolidating accounts, making extra contributions or preparing for retirement. Similarly, more than 3,200 ADF customers have had the same opportunity with a member educator, helping them take control of their super with confidence.

I'm going to stop there to give Alison plenty of time to talk about the investment journey. It's a really important one to hear about. Thanks again for your time, and I'm looking forward to the Q&A session.

Alison Tarditi: Thank you, Adam. Good evening, everybody. Let me add my thanks to that of my colleagues. Thank you for joining in this evening, whether online or here in the room.

The only certainty is uncertainty itself

Benjamin Franklin never quite said those words, but he did remind us that nothing in life is certain except death and taxes, hopefully not in that order. Two-hundred and thirty-five years after his death, I think Franklin's message still resonates, doesn't it?

While some such truths endure, the way we experience uncertainty has certainly changed, and changed dramatically. Even as a publisher himself, I doubt that Franklin could have envisaged the ways in which media now optimise for engagement, turning stories - particularly angst-ridden ones - into information as fast food. Headlines swing from optimism to pessimism within a single news cycle, and they reflect in financial market movements that are dissected hourly, if not more frequently. Technologies that didn't exist 10 years ago - indeed, some even five years ago - are now poised to reshape entire industries, presented in turn as a threat or an offer of limitless potential. I'll come back to this hottest of topics in a little while.

Little wonder then if you're asking yourself, how can I possibly plan for retirement when the world feels so unpredictable? Uncertainty is not a bug in the system of our era. It's a constant feature we can actually plan for, preparing your portfolios to navigate a wide range of possibilities rather than anchoring them and their success to a central prediction.

Risk: more things can happen than will happen

I think Elroy Dimson, who's an emeritus professor at the London Business School, put it most succinctly when he said, risk means more things can happen than will happen.

The greatest risk investors face isn't uncertainty. It's letting that uncertainty paralyse us into settling for a lazy investment portfolio that foregoes returns because it doesn't take sufficient risk, or provoke us into a reactive investment portfolio that foregoes returns because it chases risks that will never pay off, incurring undercompensated transaction costs and impairing principal capital.

Compass for retirement

Given that we can't see the future through a crystal ball, we need a compass. Our compass structures your portfolios to steer a true course through low visibility by using objective, fact-based analysis to cut through the noise, and by staying pragmatic so that we can take advantage of the opportunities that emerge when other investors' emotions send market prices wandering around away from fundamental value.

North for us is - as some of the other speakers have already mentioned - risk-adjusted returns. Your total return tells you what's happened over that period. It doesn't tell you whether that return came from a portfolio of guaranteed bank deposits or risky private loans to unworthy counterparties. Now, of course, superannuation portfolios contain many asset types, but I think this contrast illustrates the principle.



Steady performance in an unsteady world

Those differences in risk profile really matter. They determine what could happen by the time you're ready to convert paper wealth into real income, and that's what matters to you when you retire. Independent ratings agency SuperRatings now publishes industry league tables based on their measure of risk-adjusted returns, and hopefully you can see that in this slide. They understand what we've always known. Resilience isn't about avoiding risk. It's about structuring for it, because not all risks that can happen do happen, and some risks that do transpire are genuine surprises.

What you can notice from this SuperRatings table is that all of CSC's investment options, as Damian mentioned earlier, have exceeded their targeted returns. As shown in the last column at the far right-hand side of this table, something I think is far more important is that they rank at the top of industry peers on a risk-adjusted basis and over the long term, meaning that your returns are generated from a portfolio of assets, with a lower combined likelihood of disappointing you in the future.

We were able to maintain these rankings over the past year by not allowing your portfolios to get lazy while continuing our work to ensure they remain structured for adequate resilience to the uncertainties arising from structural risks. Despite popular concern about equity market valuations at the turn of the last year, our process signalled that economic fundamentals remained solid.

Economic fundamentals

US growth was underpinned by healthy household and corporate balance sheets. Tariff announcements, in our view, were unlikely to spark an inflation surge in this calendar year. Why? Because their economic impact takes time. Importers can absorb costs in their margins or pass them through to consumers, but only to the extent that consumers tolerate higher prices and lack good substitutes, and these conditions vary markedly from industry to industry.

Labour markets showed resilience as well, because while US labour demand softened, for example, demographic changes and illegal immigration constraints tightened supply at the same time. Combined with healthy household balance sheets, their synchronicity in labour markets cushioned against recession risks. Central banks continued to respond to all of that data by supporting growth instead of yielding to pressures for pre-emptive action against inflation fears, so we maintained your allocation to public equity markets.

Changing patterns: risk distribution is less predictable

As we've discussed before at previous member meetings, sources of financial market volatility increasingly include not just business cycle considerations but a growing investor reactivity to structural risks.

These include deteriorating political governance performance and changing rules of engagement around how regional differences are discussed and policy decisions are made; real and perceived changes in cooperation, competition or conflict between regions; erratic, poorly designed energy policies which have become increasingly reactive as traditional energy shortages - for example, due to weaning off Russian gas in Europe and coal closures here in Australia - meet a construction pace for new energy system assets that is slower than policy makers would like or economies indeed need. This gap is a risk we've highlighted at this meeting for some time.

Developed region fiscal burdens are another issue. They reflect structural social welfare inadequacies and, with the notable exception of the United States, low productivity, a topic I covered in some detail at last year's member meeting.

Compromised self-sufficiency is another structural issue, as Western economic vitality has shifted from building things, including housing, to servicing others via ideas, which typically face lower barriers to replication. National security vulnerabilities, in an era of a hybrid war for critical resources -



pharmaceuticals, semiconductors, magnets, precious metals - access to all of these requires energy and technological innovation.

Unforeseeable events

These long-term issues sit beyond the return implications of a business cycle. They include the potential for unforeseeable events that could genuinely result in surprisingly outsized losses, but also outsized gains, depicted here with the graph of fat-tailed cats – wide range of potential return outcomes you might recall from last year's member meeting. This evening, I wanted to provide you with some examples of how we structure your portfolio and the assets within it to deal with uncertainty.

Recall Professor Dimson's wisdom. Risk means more things can happen than will happen. That sentiment informs my first set of examples from the dynamic asset allocation process we use to capitalise on opportunities created when underprepared investors overreact to uncertainty, temporarily pushing public market prices below levels warranted by their steadier underlying fundamentals.

Capturing larger gains while limiting downside losses

So, earlier in the year, our process pointed to two related opportunities. First, as I've already mentioned, investors were underestimating the resilience of the US business cycle, meaning that equity market falls this year were probably a buying opportunity, and secondly, that investor uncertainty about the consequences of structurally rising US government debt was driving demand for gold as an alternative store of wealth, unattached to sovereign debt risk. We acted on those insights by exercising proactively acquired options over public equity markets, buying them in April and May as markets fell temporarily on tariff and rate worries, and that earned \$33 million in a month.

By holding those US equities in gold rather than in US dollars, we added a further \$34.1 million for your accounts, locking in that hedging profit when the gold price crossed \$4,000 an ounce. This paired strategy was designed to grow your savings rather than let them be lazy, but in a way that defended against market perceptions about the structural risk of fiat currency debasement. Fiat currencies - US dollar, Australian dollar, euro, yen, the Chinese RMB - are not backed by physical commodities like gold. Their value depends on trust in the government and its ability to manage its country's balance sheet.

We well understand that we can't get everything right. In March of this year, we positioned for negative surprises in some European bond markets ahead of regional defence spending needs becoming clearer there. We closed that trade at a \$2.7 million loss when ratings agency Fitch upgraded Italy's credit rating to BBB-plus. the first time that's happened since 2021.

Guardrails from purpose-built risk management

Here's what I think matters. Firstly, we know we can't be right 100% of the time. You have to be God or Madoff for that to be true. Instead, we aim to make our dynamic asset allocation gains an order of magnitude larger than our losses. To date, our process has consistently delivered this asymmetric pattern, capturing larger gains while limiting downside losses. Sustaining this track record requires us to remain nimble, humble, and disciplined. Those guardrails come from our purpose-built risk management process that defines predetermined exit triggers on all our dynamic asset allocation positions. As my examples illustrate, these triggers are typically based on price or event information.

You'll also notice that these particular trades were particularly short-term, with profits harvested within one month. The reasons for this, I think, provides some insight into how current market conditions are interacting with the way we structure your portfolios for success under uncertainty.

Firstly, our risk management disciplines are symmetric. So, we mitigate loss, but we also seek to participate in gains that may not persist. This part of our process reflects the principle of leaning against fear, but also, just as importantly, against greed and speculation.



Secondly, our exit triggers are typically price or event-related, allowing our positions to be nimble to how other market participants react to the same uncertainties. This year, that has manifested in much shorter reaction times, leading to steep price reversals even on relatively thin news. So, our processes are specifically designed to be nimble, disciplined, and humble to these dynamics.

It's this risk-adjusted approach to investing that enables me to talk genuinely tonight about something that I think is profoundly hopeful: building the retirement you've earned by differentiating signal from noise to identify underlying fundamental trends less contaminated by headlines; by hunting where others aren't to identify assets with real growth potential that is less dependent on the economic cycle and priced to capture upside for you; and by defending opportunistically to cost-effectively protect your savings should the future disappoint on the trends everyone takes for granted today.

Early mover for future-fit returns

I've spoken to you about this process at previous annual member meetings over the past five years, but I think it is fair to say that this work grows increasingly complex. A decade ago, themes like energy transition, digitalization and AI, global rebalancing - or deglobalization, as it's more dramatically labelled - degrading global governance, and evolving policy transmission were all underappreciated. We positioned for them early, as this slide and its timetable examples, but today those themes are crowded with capital, so we're already hunting for tomorrow's opportunities.

A framework for managing uncertainty

Here's six more examples of how we do that in ways that explicitly structure for uncertainty.

1. Proprietary algorithms

Our toolkit advances with technology, and we've built proprietary algorithms to identify macroeconomic surprises and unusual investor behaviour patterns. These insights contribute to our dynamic asset allocation - I've already given you some examples of how this process worked over the past year - our public market access selection, helping us decide whether to invest across the full range of public market opportunities or focus on more tailored subsets, and the weighting strategies we adopt, whether that be market capitalization weights which favour momentum strategies, or alternative weights better suited to specific macro conditions.

2. Currency separation

The second thing that we've done for a very long time is separate currency from the assets that we purchase. So, we've always done this. That lets us hold compelling offshore businesses without necessarily holding their currencies if we expect those currencies to weaken against the Australian dollar. I mentioned an example earlier of how we use this, including gold now as an alternative currency to manage the risks to your savings.

3. Stress testing potential vulnerabilities

Thirdly, stress tests. Just as a heart stress test helps reveal vulnerabilities before they become critical, our portfolio stress tests are designed to assess how well your investments can withstand and recover from both historical and hypothetical shocks and scenarios. From these tests, we can realistically gauge diversification's real value in protecting your savings through different conditions and, where diversification alone might in fact prove inadequate, identify novel but cost-effective downside protection. The equity options which give us the right to buy or sell equity markets at pre-agreed prices and the gold strategies that I mentioned earlier are examples of this.

Stress tests also inform the way we prioritise our private asset opportunity pipelines to complement what you already hold. You might recall our discussion last year when I gave examples of how we had increased



your inflation protection by opportunistically acquiring private assets that generate inflation-linked cash flows.

Western government debt

You might ask me, what is the scenario I worry about today? Well, I worry about everything, but high and growing Western public sector debt, a challenge I fear may be impossible to address meaningfully in our current political moment, is certainly up there amongst the things I worry most about. The US is trying to grow out of its debt, betting that AI (Artificial Intelligence) spending delivers a productivity dividend that so greatly increases GDP (Gross Domestic Product, measure of a country's economic activity) that it can meaningfully shrink debt as a ratio of GDP without triggering inflation.

To gauge global appetite for continued financing of the US deficit, we monitor US Treasury auction depth. Without continued willingness to buy US government debt, interest rates could be at risk of rising to levels that restrict economic activity, and thereby financial market returns.

I think gold at over \$4,000 an ounce in October signalled that others came to share this concern, treating gold, as I said earlier, as an alternative store of wealth to fiat currencies. We include gold in our defensive toolkit, and we were tactical sellers, again as I mentioned earlier, to lock in profits for you, as others drove the gold price above \$4,000 an ounce.

In the near term, as we discussed last year, US productivity is high, and it has significantly outperformed other major economies. This has been a key factor supporting its stronger economic growth trajectory, and it leans into success with long-term debt management.

Furthermore, AI investment is high at around 1.3% of GDP, and it's increasing. Indeed, AI capital spending contributed more to US GDP growth in the first half of 2025 than did consumer spending, a fun fact historical first.

In this way, I think that the policies that actually matter most for long-term US success are those that underwrite productivity, itself a result of the notable flexibility and depth of US labour, capital, and technology markets to date, an advantage that lets US businesses nimbly access those resources in ways that are fit for their strategic plans and evolving competitive landscape, and their relevant stages of maturity.

4. Selection criteria - AI development portfolio examples

I said at the beginning of my presentation that I'd share more on how we're structuring your portfolios for the hottest topic of all, AI developments. These are particularly relevant to our selection criteria for private asset acquisitions, or new builds designed to direct your resources to private assets that we expect to be helpful in the future and not yet as well understood by other capital providers, so there's less competition pushing up the acquisition price, and to whom we or our agents can bring not just financial, but strategic capital. By that I mean help with business design, operational structuring, or distribution.

Private equity examples

For example, within your private equity allocation we select private businesses that are creating economic value by solving real scientific and corporate problems. Today, those solutions use AI to gain operational efficiency and reduce costs across customer service, but also cybersecurity and monitoring, warehouse automation, data analysis and compliance, marketing content, and more aggressive - perhaps more interesting - use cases, which include AI-driven therapeutics discovery.

One of your portfolio companies is building the world's largest biodiversity database, 9.8 billion genes across 400 terabases of genetic data. For those of you who don't know what a terabase is, you're forgiven. I didn't either before we started investing in this business. It's equivalent to one trillion pairs of DNA.



Real asset examples

Your infrastructure and property assets are selected because they're scarce, they're hard to replace, they're hard to disrupt. So, examples here include Unity, which provides fibre connections to homes for high-speed broadband, Altogether Group, which is a sustainable local wastewater solution provider, and Grosvenor Place, a premium-quality office tower in Sydney's CBD, acquired at a low price after investors deserted the sector despite record low new builds versus improving demand for office space.

Within this opportunity set, AI developments have led us to prioritise growth platforms over mature private assets. Building new businesses enables agile operational design and avoids the costs and complexities of retrofitting existing legacy systems. As with your private equity businesses, we ensure that the specialist management teams operating these infrastructure and property assets are screened for AI literacy.

Here are just a handful of examples to illustrate the ways in which your infrastructure assets are actually using that literacy other than to improve customer service. Telecommunications towers provider Amplitel and our European data centre business Templus are using AI for predictive maintenance. So, sensors and continuous monitoring via machine learning techniques mean that equipment failures can be predicted ahead of time and averted by cost-effective interventions.

Diagnostic imaging business Q-Scan uses AI tools to assist their radiologists. They read scans in parallel, and AI tools pre-populate report fields, reducing scan review times from 30 to 20 minutes but, more importantly, they actually improve diagnostic accuracy.

European renewables developer Galileo is testing an AI-enabled tool to support faster site selection by more efficiently assessing the likelihood of securing necessary development permissions and grid connections. Galileo is trialling this process on their UK sites today with a view to progressing across their other European locations.

Across the board, we're seeing companies use AI to process and make sense of unstructured data. This includes financial back-office processes, for example, turning long contracts into workflows to manage contractual obligations or, in the case of Spanish renewables developer Dos Grados, analysing market data that is numerical alongside regulatory and government-published data that's textual to create integrated automated reporting.

5. *Contract structuring*

A fifth tool in our toolkit that is particularly important for your material private assets is contract structuring. Thoughtful and thorough contract structuring reduces risk by reducing uncertainty across employees, customers, and shareholders. In employment contracts, we align management's financial interests with yours, support agile decision-making, and encourage innovation via idea incubation prior to scaling to reduce the risks.

In service contracts, we seek diversified, credit-worthy counterparties and structure most contracts as long-term and fixed-price. In our shareholder agreements, we structure the ability to enact partial or full sell-downs as assets or the themes that power them mature. This enables us to trade later-stage potential upside to entrepreneurial management teams or co-investors in return for a material reduction in downside risk should the future unexpectedly change direction.

6. *Complex deal and corporate problem solving*

Finally, over almost 15 years of my team's continuity, we have built comparative advantage in complex deal and corporate problem solving. This reflects in our vibrant international investor manager seeding program. I've been consistent about our investment value proposition at every annual member meeting over the last five years. It has not drifted as the world has changed, nor reacted to popular industry practice. It has been purposefully designed around well-founded principles that recognise and plan for uncertainty as perhaps the only permanent feature of the world we live in.



Tailored investment options for life-stages

Our value proposition, as I said last year, has always been and remains threefold. Firstly, we streamline our offering to focus on three complementary high-conviction portfolios tailored to the stages of your working life. If you have a precise view of your risk appetite that differs from your work stage, you can customise using a combination of these options, but every choice delivers top-quartile management of the risks you must take to generate the return each option promises and that you need to build wealth for retirement.

Secondly, each option is structured to plan for and manage through uncertainty. I've hopefully shown you some examples tonight of how your journey to a comfortable retirement need not be thrown off course, even as the sources, nature, and distribution of risks change through time in ways that might be difficult to actually envisage today. Superannuation is not about getting rich quick. It's about building financial security steadily and durably.

Preserving and growth purchasing power

Finally, we deliver dependable long-term gains in purchasing power. Your savings have grown faster than inflation, providing a surer path to maintaining a comfortable retirement living standard. Because your superannuation is more than just a mandatory savings account, or a paper gain or loss at any point in time. It's the promise of a dependable income to your future retired self so you can live the way you want, not just the way you need.

So, thank you for your time and your attention this evening, and for trusting us with the significant responsibility for growing and protecting your retirement savings. I look forward to your questions.

Bree Joseph: Good evening, everyone. My name is Bree Joseph, and I am CSC's Employer Relationship Manager for Defence, and I'd like to thank our presenters tonight. We're just going to get straight into our Q&A. For those of you who are joining from home, you can still submit your questions now using the ask question button in the middle of your screen. If you're in our audience and you do have a question, you can just raise your hand, and we have someone with a roaming mic that will come and give you a microphone to ask your question.

I'll just remind everyone that the questions that we're going to be responding to tonight will not be personal in nature, so if you do have more of a personal question for your circumstance, I recommend going through our customer channels as they're going to be the best suited to answer them for you.

**[REFER TO ATTACHMENT A: QUESTION AND RESPONSES FROM THE AMM
(available by 5 December 2025)]**

Janet Torney: Thank you so much, Bree. I was seeing the questions scrolling through and there were a number of others there, so we really appreciate that engagement. That's what tonight's about. It's about hearing from you, and thank you very much for your questions, for your comments. Even if you haven't asked one, we always have our customer service team there to answer anything that you're interested in, so please keep that dialogue going. We want to be your partner. It's really important that we hear from you, and that's hopefully where we've gone to tonight.

I hope that we have provided you some greater insight into your super fund, and I hope we've been able to provide you with some comfort that we're focused on having the right strategy, the right people, the right customer focus, the right governance and risk management to be able to deliver on your retirement objectives. Thank you so much. We look forward to continue to work with you, and we are a partnership and a family together.

[END OF TRANSCRIPT]