



# Minutes

## ANNUAL MEMBERS' MEETING PERPETUAL WEALTHFOCUS SUPERANNUATION FUND

Date:	Friday, 30 October 2020
Time:	1.00 p.m. – 2.30 p.m.
At:	Level 18 Angel Place, 123 Pitt Street, Sydney NSW 2000 and via live stream
Directors in attendance:	Janet Torney (Chair) Kerry Adby Virginia Malley Chris Green Mark Smith
Responsible Officers and Senior Management in attendance:	Catherine Payne, Head of Office of the Superannuation Trustee Sam Mosse, Chief Risk Officer Amanda Gazal, Chief Operating Officer Sylvie Dimarco, PSL Company Secretary Gan Minithantri, PSL Company Secretary Nicholas Buchanan, Auditor, KPMG Matt Sherwood, Head of Investment Strategy Multi-Assets – Perpetual Investments Kyle Lidbury, Head of Investments Research – Perpetual Private Annie Rozenauers, General Manager Product Gordon Thompson, Senior Manager, Superannuation & Retirement Solutions Ilias Kotronakis, Senior Manager, Platform & Services Products Mary Kapota, Assistant Company Secretary
Apologies:	Nil

The minutes comprise a summary of key aspects of presentations, questions and answers.

	PRESENTER
The meeting commenced at 1.00 p.m.	
<b>1. WELCOME AND INTRODUCTION</b>	Janet Torney, Chair
The Chair, Janet Torney welcomed and thanked all those who joined online for the inaugural Annual Member Meeting of the Perpetual WealthFocus Superannuation Fund.	
The Chair commenced proceedings by formally acknowledging the Gadigal People as the traditional custodians of the land on which the meeting was held. The Chair also acknowledged the traditional custodians of the lands where the meeting was being live streamed.	
The Chair introduced the members of the board and other responsible officers and informed members that the Fund's external auditor from KPMG was present at the meeting.	

The Chair explained that the Annual Member Meeting was an opportunity for members to hear from key leaders about the Fund, the external investment environment and to ask questions.

The Chair invited members to submit their questions through the event streaming page and noted that these questions and questions submitted prior would be responded to later in the meeting.

The Chair noted that responses to all questions would be included with the minutes and made available on the Perpetual website within the next 30 days.

## 2. CHAIR'S ADDRESS

Janet Torney, Chair

The Chair thanked members for their continued trust in Perpetual Superannuation Limited (**PSL**) to manage their retirement savings.

The Chair presented information on the following matters:

- The key benefits of PSL being wholly owned by Perpetual Limited;
- The strengthening of PSL's strong, standalone governance framework in the 2019-20 financial year, noting:
  - the appreciation for the significant contributions of recently departed directors, Michelene Collopy, Rob Adams and Jay Bonnington and the appointment of Janet Torney, Kerry Adby and Chris Green as new directors;
  - a review of Board committees resulting in the establishment of the PSL Investment Committee; and
  - the restructure of PSL's Operating Tier in order to deliver a focus on the running of the Fund and drive advocacy, clarity and accountability for the delivery of outcomes for members.
- The Board's long-term strategy to deliver the best outcomes for members by providing market leading superannuation solutions;
- The unprecedented challenges during the year noting the devastating bushfires in Australia's eastern states and the global health and economic crisis caused by COVID-19;
- Key activities of the Fund for the 2019-20 financial year, noting:
  - the recently announced fee reductions for the Fund that will deliver better value for money for our members;
  - the commencement of a significant program to enhance our members' online experience and digital engagement;
  - continuing to offer members insurance through the Fund; and
  - the creation of a Client Advocacy Team to provide dedicated resources to address member concerns.
- Support for the Federal Government's economic stimulus measures in response to COVID-19 with a small number of members taking advantage of the early superannuation release scheme with 423 withdrawal requests equating to \$4.0 million or only 0.3% of the Fund; and

- The Fund's financial position as at 30 June 2020 – \$1.5 billion in funds under management and a membership base of 12,930 members.

The Chair then invited the Head of Investment Strategy Multi-Assets at Perpetual Investments to present on the economic influences that are impacting investment decision making.

### 3. ECONOMIC UPDATE

Matt Sherwood, Head of Investment Strategy Multi-Assets presented information on the following:

- Asset class returns, long-term assumptions, valuation-adjusted returns and volatility;
- The global fiscal response to the COVID-19 pandemic;
- Expectations of lower global economic growth, the current coronavirus concerns and anticipated inflation and interest rates;
- Diversified approach aims to manage lower returns and higher volatility.

Matt Sherwood's presentation titled "*The New Cycle – Yearning for Mediocrity*" will be made available on the Perpetual website.

The Chair then invited the Head of Investment Research at Perpetual Private to present on the performance of the Select investment options.

Matt Sherwood,  
Head of Investment  
Strategy Multi-  
Assets at Perpetual  
Investments

### 4. INVESTMENT UPDATE

Kyle Lidbury, Head of Investment Research presented information on key investment performance results for Perpetual's WealthFocus funds including:

- Growth and value of Australian and International equities; and
- The implications of expected lower economic growth for portfolios.

Kyle Lidbury's *Investment Update* presentation will be made available on the Perpetual website.

The Chair then invited the General Manager Product at Perpetual Limited to present on recent initiatives to enhance Member Services.

Kyle Lidbury, Head  
of Investments  
Research at  
Perpetual Private

### 5. MEMBER SERVICES AND EXPERIENCE UPDATE

Annie Rozenauers, General Manager Product presented information on the tools and features available to members to manage and grow their superannuation including:

- The upcoming launch of a new online member platform called MyPerpetual which aims to deliver greater functionality, a smart dashboard, real time data, stronger security features and a fresh new mobile-friendly design;
- Call centre of highly experienced specialists to answer questions, process requests and deliver service to the highest industry standard. And with the majority of calls answered within 30 seconds, and emails actioned within 48 hours, our members have provided strong satisfaction scores of 8s and 9s out of 10 for these services;

Annie Rozenauers,  
General Manager  
Product at  
Perpetual Limited

- Dedicated claims team to help answer questions and navigate the claims process for superannuation insurance matters available to our members; and
- New educational hub called Financial Acuwomen with resources, information and insights on key topics to educate and increase women's confidence in navigating their superannuation, retirement and investment journeys.

**6. MYPERPETUAL DIGITAL PLATFORM**

Ryan Puertollano

Presentation of short video on Perpetual's new digital platform to be launched in December 2020.

**7. MEMBERS' QUESTIONS AND ANSWERS**

Janet Torney, Chair

The Chair introduced the question and answer panel session of the Annual Member Meeting.

Members were able to submit questions as part of the Annual Member Meeting registration process and throughout the live event via the online chat facility.

Answers to all member questions submitted prior to and at the Annual Member Meeting which require a response are included in these minutes.

Question	Answer	Respondent
Is Perpetual pursuing sustainable investment in each of its WealthFocus superannuation funds?	<p>Increasingly, the underlying investment managers offered on WealthFocus are developing their own policies regarding their method for considering environmental, social and governance (ESG) factors. We will neither choose or exclude a manager solely on their ESG policies/practices, but it will contribute to our overall assessment of a manager's style and capability.</p> <p>Perpetual Investments, the investment manager of the Perpetual options, is a signatory to the United Nations-supported Principles for Responsible Investment (PRI). PRI signatories undertake to consider environmental, social and corporate governance (ESG) factors in their investment decision-making and ownership practices.</p> <p>Some of the investment options offered on WealthFocus follow investment strategies specifically targeted at ethical investing. An example is the Perpetual Ethical SRI option. The investment strategy for this option includes ethical exclusions, that means the option will not invest in companies that derive a material proportion of their revenue from alcohol or tobacco, gambling, fossil fuels, uranium and nuclear, animal cruelty, genetic engineering, pornography or armaments. Companies remaining after the ethical exclusions are then subject to socially responsible investment screening that evaluates how their business practices impact society and the environment.</p>	Kerry Adby

Question	Answer	Respondent
<p>Recommended COVID portfolio adjustments and over what timeframe?</p>	<p>If COVID-19 has taught us anything, the future is always uncertain and markets are difficult to predict. No one would have thought that a pandemic would have caused the swiftest market drawdown in markets ever seen. Likewise, there were not many observers who would have predicted such a swift recovery from market lows, with some markets and sectors now trading back at pre-COVID highs.</p> <p>Even now, though, we're seeing a second wave of infections in Europe and the US, as well as other events such as the US Election, China trade actions and Brexit worries continued to cause uncertainty, which is reflected in increased volatility in markets – we would expect this to continue in the short to medium terms.</p> <p>This should present a more constructive environment for active management, not just in terms of outperforming the benchmark, but also by taking risk off the table, in particularly by avoiding investing in the debt or equity of companies that are more likely to end up in financial distress as a result of the crisis.</p> <p>When it comes to members taking action, we would encourage members to seek professional advice when it comes to adjusting their portfolio. It's a natural response for members to feel like they need to take action when markets make significant moves, however maintaining diversification and portfolio integrity in line with member objectives should be the main focus through current global events.</p>	<p>Kyle Lidbury</p>
<p>Impact of China on Australia and forecast AUD vs Euro.</p>	<p>Geopolitical tensions between China and the US, as well as Australia, is one of the key risks currently facing the economy and markets. In Australia's case, China is our biggest export market. Current trade tensions have resulted in barriers to entry for key exports to China, such as beef, barley, coal and wine. Whereas, just the nature of the crisis has resulted in other key exports to China, such as tourism and education, being significantly impacted. While the Chinese economy has been arguably one of the quickest to recover post-crisis, these trade tensions are creating a headwind in terms of potential benefits for the Australian economy.</p> <p>In terms of a forecast AUD vs Euro exchange rate, exchange rates are notoriously difficult to forecast due to the wide range of macro factors that can influence exchange rates. Generally speaking, most long-range (10 year +) forecasts of asset returns assume nil returns from currency movements. Currency markets tend to exhibit the most randomness of any markets and it's something that we find managers have significant difficulty in being able to forecast reliably. That being said, unhedged managers of global securities can and do take positions in currency, as much as to enhance returns or mitigate risks for investors. This would be more typically done as a tactical or short-term trade than as a result of a long-range forecasts.</p>	<p>Kyle Lidbury</p>

Question	Answer	Respondent
<p>Why do you stop trading for 2-3 weeks at the start of each quarter when other funds only stop for a day or so and some funds don't stop at all?</p>	<p>The WealthFocus Super Options invest in underlying managed investment schemes. These managed investment schemes pay distributions at different frequencies (quarterly, half yearly, annually). There is a delay in releasing the unit price of the underlying managed investment schemes during the period that distributions are being paid. This results in the delay in releasing unit prices for the WealthFocus Super options.</p> <p>Members may still transact during this period and will receive the unit price effective for the time their transaction request is received.</p>	Amanda Gazal
<p>Drawing down regular amounts of my perpetual WealthFocus Superannuation Fund, can I do this each week or should I set up a regular withdrawal?</p>	<p>As long as you've met a condition of release from Superannuation, you can withdraw from WealthFocus Superannuation whenever they want.</p> <p>WealthFocus Pension Plan members can set their automatic payment frequencies to twice monthly, monthly, quarterly, half yearly and yearly. They are also able to make ad hoc withdrawals at any time.</p>	Amanda Gazal
<p>In the presentation of results for units, or a fund, I would like to be able to see clearly what is happening with a line graph showing performance for the last 12 months, the last 3 years and since the fund was opened to see what is happening</p>	<p>You can access line graphs showing performance on our website <a href="http://www.perpetual.com.au">www.perpetual.com.au</a>. I'll arrange for our contact centre to email you the step by step process explaining how to access the performance charts.</p>	Annie Rozenauers
<p>What \$ amount is likely to cause issues if changing from one type of investment to another?</p>	<p>In WealthFocus Super the PDS discloses the minimum to switch, and the minimum holdings in any particular option. The PDS also mentions that we have the right to delay processing of switches where we believe that's in the best interests of members to do so, as well as impose additional conditions.</p> <p>So in summary, depending on the specific investment option, there can be dollar amounts or periods of time where we may need to step in to manage approvals for switches in the best interests of members and those dollar amounts will vary depending on the specific investment option.</p>	Annie Rozenauers
<p>Do pending fee and rebate changes mean that the 'wholesale' concept no longer exists?</p>	<p>Yes, the pending fee and rebate changes will mean that WealthFocus 'wholesale' will no longer exist.</p> <p>There are number of price changes on our funds to be released later this year. There is clearly a narrowing of actual prices of funds between wholesale and retail funds. Our strong recommendation is that you contact your financial adviser or contact centre to assist you and provide further clarification on this matter.</p>	Mark Smith

Question	Answer	Respondent
How does the performance of WealthFocus compare (1 year, 3 years, 5 years) with Australian leading super funds?	WealthFocus has many investment options managing money in different ways. At different stages of the market cycle, some options are out-performing and some are under-performing other funds.	Annie Rozenauers
How can I save a copy of your excellent slides?	The slides will be made available on the website with the minutes, webcast and Q&A.	Janet Torney
Does the new user interface make it easier to transfer money into contributions from Australian and overseas bank accounts?	There will be no change to transfer of money from Australia or international bank accounts as a result of the new user interface.	Annie Rozenauers
I have heard that Vanguard is going direct to investors. Will they still be available as a manager we can allocate funds to on the Perpetual platform?	As far as we're aware, there will be no change and you can access Vanguard on our platform.	Annie Rozenauers
Will there ever be an option for Perpetual members to wholly rely on the expertise of Perpetual investors to select and change funds on members' behalf to ensure the best long-term outcomes?	There are lots of options in WealthFocus. There are balanced fund options that provide allocation to different asset classes depending on investment manager's view of the market. We suggest you speak to your financial adviser or contact us for more information.	Annie Rozenauers

## 8. CLOSURE

Janet Torney, Chair

The Chair thanked members for their participation and declared the meeting closed at 2.23 p.m.

**SIGNED BY:**

**CHAIR**

**DATE**