

Minutes

ANNUAL MEMBERS' MEETING PERPETUAL SELECT SUPERANNUATION FUND

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| Date: | Thursday 03 November 2022 |
| Time: | 11:00am – 12:00pm |
| At: | Level 18 Angel Place, 123 Pitt Street, Sydney NSW 2000 and via live stream |
| Directors in attendance: | Janet Torney, Chair Kerry Adby Jocelyn Furlan (via Teams) Mark Smith |
| Apologies: | Chris Green |
| Responsible Officers and Speakers in attendance: | Catherine Payne, Head of Office of the Superannuation Trustee Amanda Gazal, Chief Operating Officer (via Teams) Nicholas Buchanan, Auditor, KPMG Kyle Lidbury, Head of Investments Research – Perpetual Private Annie Rozenauers, Global Head of Product |
| Management in attendance: | Claudia Rososinski, PSL Company Secretary Gordon Thompson, Senior Manager, Superannuation & Retirement Solutions Ilias Kotronakis, Senior Manager, Platform & Services Products |
| Apologies: | Sam Mosse, Chief Risk Officer |

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

| | PRESENTER |
|---|---------------------|
| The meeting commenced at 11:00am | |
| 1. WELCOME AND INTRODUCTION | Janet Torney, Chair |
| <p>The Chair, Janet Torney welcomed and thanked all those who joined online for the Annual Member Meeting of the Perpetual Select Superannuation Fund (Fund).</p> <p>The Chair introduced Mark Smith who delivered the Acknowledgement of Country. He affirmed Perpetual's commitment to Reconciliation.</p> <p>The Chair introduced the members of the Board, other Responsible Officers and the Fund's external auditor from KPMG.</p> <p>The Chair explained that the Annual Member Meeting was an opportunity for members to learn more about the Fund, the external investment environment and to ask questions. She invited members to continue to submit their questions through the event streaming page.</p> <p>The Chair noted that responses to all questions would be included with the meeting minutes and made available on the Perpetual website within the next 30 days.</p> | |

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. Perpetual Super's strategy remains our anchor and focus in delivering the best outcomes for our members. To recap:

- Our *purpose* is enduring prosperity for the lifetime of our members,
- Our *vision* is to be the trusted provider of market-leading superannuation solutions in our chosen segments,
- Our *values* are excellence, integrity and partnership, and
- Our *strategic objectives* are Enable, Engage, Protect and Sustain.

The Chair highlighted:

- The difficulty of the current uncertain times and the steps taken by Perpetual to protect members in these circumstances;
- PSL's long-term strategy remains focussed on delivering the best outcomes for members with PSL's purpose being the enduring prosperity for the lifetime of our members and our vision to be the trusted provider of market-leading superannuation solutions in our chosen segments. PSL's four strategic objectives that have been set to deliver on its purpose and vision are Enable, Engage, Protect and Sustain, each of which have strategic initiatives and measures of success;
- Environmental, Social and Governance (ESG) issues are of continuing importance to members and are now embedded into the Risk Management Framework and the investment manager monitoring of the Fund.
- Key activities of the Fund for the 2021-22 financial year, including:
 - Regulatory changes and reforms that have been implemented to assist members;
 - The release of PSL's Retirement Income Strategy which is focused on providing members with access to information and tools to assist members to maximise retirement income;
 - The change of custodial service provider;
 - Fee reductions effective 01 March 2022 (administration and investment); and
 - Enhancements to myPerpetual as part of the increased investment in the member experience.

3. INVESTMENT PERFORMANCE AND MARKET UPDATE

Kyle Lidbury, Head of Investment Research at Perpetual Private

Kyle Lidbury, Head of Investment Research, provided an update on the key influences impacting the Fund's investment options including:

- Negative returns of both equity and bond asset classes against a backdrop of rising inflation which has not been seen in the last 20 years. This higher inflation has caused central banks to increase official interest rates. Australian investment markets have been one of the better performers on a global scale;
- COVID19 and its continued impact on global markets; and
- Geopolitical tensions.

He noted that the Select investment options are reasonably well positioned throughout the ongoing market volatility and reiterated the need for diversification of investments and a long-term time horizon.

4. MEMBER SERVICES AND EXPERIENCE UPDATE

Annie Rozenauers,
Global Head of
Product at
Perpetual Limited

Annie Rozenauers, Global Head of Product, gave an overview of the work being done on PSL's Retirement Income Strategy and the results of the recent survey conducted on members approaching retirement.

She advised that over the last year there had been significant effort dedicated to enhancing Member Services, including:

- Additional self-service functionality to the myPerpetual portal including current and prior year concessional and non-concessional contribution reporting, and future updates underway to allow for pension payment changes online;
- Target Market Determinations being completed for all products in line with regulatory requirements and facilitating members receiving products that are consistent with their expected investment objectives and individual situation; and
- Improving call centre services and responsiveness given the high volume of written and verbal enquiries. Approximately 40,000 calls and 24,000 emails are received and responded to each year. The call centre continues to be highly interactive and the team work hard to deliver a consistent high service level to members.

There was a presentation of a short video on Perpetual's digital member experience platform.

5. MEMBERS' QUESTIONS AND ANSWERS

Janet Torney, Chair

The Chair introduced the Q&A 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. There was no filtering of questions.

Answers to member questions are summarised below noting that only the first names of those asking the questions have been provided for privacy reasons:

| Question | Answer | Respondent |
|--|---|--------------|
| Questioner: Thorold. Current financial outlook and what's happening to minimise loss? | Markets are highly volatile and this is expected to continue, with uncertainty over the inflation outlook a key factor Perpetual has tilted its portfolios towards alternate investments to minimise loss in this environment. It has also overweighted Australian shares where Perpetual focusses on value managers. The diversified investment options have been underweight international equities and the interest rate sensitive bond exposure. | Kyle Lidbury |

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| <p>Questioner: Geoff</p> <p>Why was Select High Growth so bad compared to other industry funds?</p> | <p>Our High Growth investment option has a high risk profile as it is almost entirely invested in Shares, Real Estate, and Growth Alternatives. It is important to remember that a long term investment horizon should be taken for such investments, meaning more than 7 years to allow for all stages of the investment cycle.</p> <p>While to June 2022 the Select High Growth investment option delivered a return of -4.95%, over 10 years it's investment return has been around 8% p.a.</p> <p>This investment option has performed favourably compared to like options of comparable funds, being in the top 25% of investment performance.</p> | <p>Kyle Lidbury</p> |
| <p>Questioner: Rita</p> <p>What assurances do you give that my super capital will be protected, and continue to grow factoring annual insurance fees over the next 5-10 years?</p> | <p>There are no guarantees in terms of investment returns and performance for any investment option, especially given the current uncertainty of investment markets. Looking at long-term returns, there is value added the longer you are in the market, with greater upside potential for capital and income. We believe this is demonstrated through the Select investment option performance over the longer term.</p> | <p>Mark Smith</p> |
| <p>Questioner: Marika</p> <p>Thirteen products failed the inaugural performance test and this has been dropped to five. Twenty-six recommendations were made to expand the super test to Choice products which are products within Select. Has this been implemented by Select?</p> | <p>PSL continuously monitors the investment performance of all Select investment options, this falling within the remit of PSL's Investment Committee chaired by Kerry Adby. In regards to Your Super Your Future, the 13 underperforming funds identified across the superannuation sector were MySuper products. PSL does not offer MySuper products, including the Select Super Fund. The Government had a set review date for Choice products of July 2022 but this has now been deferred. The Select investment options are currently largely delivering on their investment objectives which remains our focus.</p> | <p>Janet Torney</p> |

6. CLOSURE

Janet Torney, Chair

The Chair thanked members for their participation and declared the meeting closed at 11:43am.

SIGNED BY:



CHAIR

JANET TORNEY

DATE

08 DECEMBER 2022