

## ANNUAL MEMBERS' MEETING PERPETUAL WEALTHFOCUS SUPERANNUATION FUND

Date:	Friday, 19 November 2021
Time:	1.00 p.m. – 2.00 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 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 Mary Kapota, PSL Company Secretary Nicholas Buchanan, Auditor, KPMG 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 Sophie Brandis, Manager, Superannuation & Retirement Solutions
Apologies:	Nil

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

	PRESENTER
The meeting commenced at 11.00 a.m.	
<b>1. WELCOME AND INTRODUCTION</b>	Janet Torney, Chair
<p>The Chair, Janet Torney welcomed and thanked all those who joined online for the Annual Member Meeting of the Perpetual WealthFocus Superannuation Fund (<b>Fund</b>).</p> <p>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.</p> <p>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.</p> <p>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.</p>	

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;
- PSL's strong, standalone governance framework. She noted the significant contributions of Virginia Malley who retired as a Non-Executive Director in October 2021 after 9 years of dedicated service;
- PSL's long-term strategy to deliver the best outcomes for members by providing market leading superannuation solutions. 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;
- The unprecedented challenges during the year noting the global health and economic impacts brought on by COVID-19 and the significant changes to the superannuation regulatory environment;
- Key activities of the Fund for the 2020-21 financial year, noting:
  - the strong focus on the Your Future Your Super reforms which aim to empower members;
  - the continued focus on environmental, social and governance (ESG) factors across the Fund, including an enhanced PSL Responsible Investment Policy;
  - the publishing of PSL's inaugural Annual Outcomes Assessment for the Fund. This is a formal assessment of the Fund that takes into account the Fund's investment strategies, risk and performance, in addition to insurance options, fees, and other factors in comparison to other funds;
  - PSL were able to deliver strong investment outcomes for members;
  - the delivery of a significant program to enhance our members' experience; and
  - the creation of a Client Advocacy Team to provide dedicated resources to address member concerns.
- The Fund's financial position as at 30 June 2021 – \$1.7 billion in funds under management and a membership base of 11,888 members.

The Chair then invited the Head of Investment Research at Perpetual Private to present on the economic and investment influences that are impacting investment decision making.

## 3. INVESTMENT PERFORMANCE AND MARKET UPDATE

Kyle Lidbury, Head of Investment Research at Perpetual Private

Kyle Lidbury, Head of Investment Research, presented the key economic and investment influences impacting the Fund's investment options including:

- The investment performance (return and risk) of the WealthFocus investment options;

- Major themes in investment markets including whether the recent rising inflation is transitory, the global economic growth outlook, the impact of COVID-19 and the probability of meeting global climate change goals;
- Discussion of trends in the asset classes employed within the Fund; and The nature and benefit of alternative assets within in the investment options.

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

#### 4. MEMBER SERVICES AND EXPERIENCE UPDATE

Annie Rozenauers, General Manager Product, advised that over the last year, there has been significant effort dedicated to enhancing Member Services, including:

Annie Rozenauers,  
General Manager  
Product at  
Perpetual Limited

- Introducing a simpler, clearer and more transparent fee structure that generally resulted in reductions to the total ongoing annual fees and costs paid by most members;
- Unveiling of myPerpetual, the new online member platform, in December 2020. myPerpetual aims to deliver greater functionality, a smart dashboard, real time data, stronger security features and a fresh new mobile-friendly design;
- Further enhancements were made to myPerpetual throughout 2021 to allow members with multiple accounts, such as a Super and Pension account, to view all their holdings under the one client number which allows for consolidation of log-ins and easier access for our members. Improvements were also made to the reporting that advisers are able to view which enables advisers to more effectively manage their members' needs;
- Exiting two superannuation products - Perpetual's MySuper and the Australian Eligible Rollover Fund - in order to focus on delivering products that are more relevant for PSL members and meet all PSL regulatory requirements;
- Providing target market determinations for all PSL products. These are part of PSL's regulatory obligations and ensure members are receiving products that are consistent with their expected objective, financial situation and needs;
- Maintaining a 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; and
- Having a dedicated claims team to help answer questions and navigate the claims process for superannuation insurance matters available to our members.

#### 5. MYPERPETUAL DIGITAL PLATFORM

Ryan Puertollano

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

#### 6. 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 submitted prior to and at the Annual Member Meeting are included in these Minutes.

Question	Answer	Respondent
<p>Why does it take so long to get to speak to someone?</p>	<p>We are proud to offer a dedicated Contact Centre based in Sydney and we review call volume trends and our Contact Centre resourcing regularly.</p> <p>While the majority of calls are answered within 30 seconds, there are times where we experience higher than average call volumes and wait times can be longer than normal. As an example, we receive higher volumes of calls after Annual Statements have been sent to members.</p> <p>We also experienced turnover of staff around June and July this year which impacted our responsiveness to your calls and emails and led to much longer than average wait times. We have since recruited to fill these roles and after comprehensive training to ensure they are able to deliver quality service to our members, response times are back within our generally high standard.</p> <p>We appreciate our members patience during periods when there are longer than average wait times.</p>	<p>Annie Rozenauers</p>
<p>How do I see per annum return on my inlay?</p>	<p>Investment performance is available at all times on the Perpetual website and myPerpetual. Members are able to view their net growth for the financial year as a dollar value on their Annual Statements. At this stage, there is no functionality for percent (%) p.a. return. However we are always looking to improve the member experience and will consider this as a future enhancement.</p>	<p>Annie Rozenauers</p>
<p>Why has Perpetual taken away from investors the ability to be able to print documents as we used to be able to do?</p>	<p>Members are still able to download and print documents and statements through myPerpetual in their 'Correspondence' section. We hope that the earlier tutorial on myPerpetual may have assisted in showing members how to do this.</p> <p>Our Contact Centre is also available to assist with any queries that you may have around logging in to or navigating around the myPerpetual investor portal.</p>	<p>Annie Rozenauers</p>
<p>Will this webinar be recorded to access at a later time?</p>	<p>Yes. You will be able to view the Annual Members Meeting as well as view Meeting Minutes on the Perpetual website at <a href="http://www.perpetual.com.au/pi/annual-members-meetings-superannuation">www.perpetual.com.au/pi/annual-members-meetings-superannuation</a>. This URL would have been included in your Invitation. The 2021 Annual Members Meeting information will be available on the website within the next 30 days.</p>	<p>Annie Rozenauers</p>

Question	Answer	Respondent
Which plan is better for my lifestyle?	<p>The responses to these questions contain general information only and do not take into account your specific objectives, financial situation or needs. If you are looking to determine which investment options are best suited for your lifestyle, you may wish to consider obtaining professional financial advice.</p> <p>The Perpetual website does, however, also include a number of resources that may assist you if you are after general information only. The Perpetual website offers Fund Profiles for investment options offered through WealthFocus and they include information such as Fund facts, performance, sector holdings and commentary.</p> <p>The Target Market Determination document for WealthFocus (also available on our website) outlines the class of consumers for which the product has been designed for.</p> <p>Our Contact Centre team are also available to speak with on 1800 022 033, between 8.30am to 6pm Sydney time, Monday to Friday.</p>	Annie Rozenauers
The Federal Government performance test which has been designed to name and shame underperformers. Was Perpetual WealthFocus part of this review? If you weren't then why?	<p>The Government's Your Future Your Super reforms came into effect on 1 July 2021 and under the reforms, APRA is required to conduct an annual performance test for MySuper products. WealthFocus is not a MySuper product and was not included as part of the 1 July 2021 performance test.</p> <p>The performance test will be extended to trustee-directed products from 1 July 2022 and we are considering how this will apply to WealthFocus.</p>	Janet Torney
I plan to retire in approximately 2-3 years' time. As I don't have a large amount of super I would like to take it out on retirement. What are the advantages and disadvantages of this?	<p>For anyone who is thinking about retirement, we encourage you to visit our '<i>Planning For Retirement</i>' page on the Perpetual website as we have a number of resources and articles that may assist you.</p> <p>Please note that we are only able to provide guidance around the rules governing superannuation in this meeting. We recognise that retirement can look different for everyone and can also change over time so if you would like more guidance on your individual situation, please consider seeking professional financial advice.</p> <p>When deciding on what to do with your super and the advantages and disadvantages, the considerations include the rules around accessing your super which will include your age and employment situation.</p> <p>When you retire, provided you have reached your preservation age, you can choose to leave your funds in your accumulation account, use some or all of the balance to commence a retirement income stream in a pension account or withdraw as a cash lump sum. A pension account allows access to your funds as a regular payment via an income stream or an ad hoc lump sum.</p>	Annie Rozenauers

Question	Answer	Respondent
<i>(continued)</i>	<p>Another factor to consider is how your super withdrawal will be taxed and some key considerations are:</p> <ul style="list-style-type: none"> <li>• Your preservation age and the age you will be when you get the payment;</li> <li>• Whether you want the payment as an income stream or lump sum;</li> <li>• Whether the money in your super account is tax-free or taxable component.</li> </ul> <p>This is a complex area so please give us a call if you would like further information or would like to speak to a financial adviser.</p>	
<p>Appreciate some lights on the age where you can access the super or transfer it gradually to pension Fund and what best ways/options to do it. Secondly, the conditions for putting property sold income to super for tax benefits.</p>	<p>Please note that we are only able to provide guidance around the rules governing superannuation. Please consider seeking financial advice if you would like personal advice on what may be the best option for you.</p> <p>When deciding on what age to retire, it's important to understand some of the rules around accessing your super. Generally,</p> <ul style="list-style-type: none"> <li>• If you're age 65 or over, you can freely access your super even if you're still working;</li> <li>• If you're over between 58 and under 60, you can access your super as long as you're permanently retired;</li> <li>• If you're age 60 – 64, you can access your super as long as you've ceased an employment arrangement. You don't have to permanently retire;</li> <li>• If you are under age 65 and born before 1 July 1964, you may be able to access your super earlier.</li> </ul> <p>If you'd like to continue working but reduce your working hours, a transition to retirement income stream could be established. It allows you to grow your super and pay less tax while you ease into retirement.</p> <p>Regarding your second question about putting the proceeds of sold property in your super, this is one of the measures announced in the 2017 Budget.</p> <p>From 1 July 2018, if you are 65 years or older and meet the eligibility requirements, you may be able to make a downsizer contribution into your super of up to \$300,000 (or \$600,000 for a couple) from the proceeds of selling your home. Your downsizer contribution is not a non-concessional contribution and will not count towards your contribution caps.</p> <p>The criteria to access a downsizer contribution is quite specific yet has some complexities. In addition, a transition to retirement income stream has unique features from other income streams which may make it unsuitable for you. Please consider speaking to a financial adviser if you would like to discuss your retirement planning strategy.</p>	<p>Annie Rozenauers</p>

Question	Answer	Respondent
<p>Will your Reverse Mortgage Fund be available in superannuation, as the returns would not suffer in a market downturn.</p>	<p>While we can't identify any reverse mortgage funds in market, we can talk to the lack of mortgage funds on the investment menu.</p> <p>In terms of mortgage funds, whilst these have been offered in the past, the GFC showed that the illiquidity mismatch between these funds and investor expectations was not aligned and ended up with poor outcomes for investors.</p> <p>Whilst we don't offer a dedicated mortgage fund exposure, it is common to find securitised mortgage exposure (such as RMBS and CMBS) in Australian and global credit funds, including Perpetual's Diversified Income Fund.</p> <p>You can have mortgage exposure through private funds which is preferable, in terms of the illiquidity of the sector. There are not any of those funds in WealthFocus.</p>	<p>Kyle Lidbury</p>
<p>Stagflation is now inevitable. How will this affect asset allocation decisions?</p>	<p>We wouldn't say that stagflation is inevitable. However, a scenario of low or zero growth and high inflation (effectively stagflation) is one possible outcome from the current forces prevalent in markets with the situation of supply bottlenecks and excess demand for goods.</p> <p>In this scenario, asset class returns across the board tend to be lower relative to history, and there are few asset classes that perform well. Cash is usually the best asset class. However, with rates starting at such a low point, it is still likely that this asset class would generate negative real returns. Commodities and precious metals have historically done well in stagflation scenarios.</p> <p>In terms of asset allocation, we've seen higher allocations to cyclical assets (such as commodity linked businesses) as well as real assets, where income streams can increase in line with CPI in some portfolios in diversified funds.</p> <p>Importantly, predictions and the exact timing of particular economic events is notoriously uncertain and can often be incorrect due to other unforeseen factors or government policy action. Positioning the asset allocation of a portfolio for one particular inflation scenario is a high risk bet, and we would generally caution investors on taking this sort of action.</p> <p>Generally, maintaining a broadly diversified portfolio, across multiple asset classes, and taking into account multiple scenarios, will generally perform well and produce more predictable outcomes over the long-term.</p>	<p>Kyle Lidbury</p>

Question	Answer	Respondent
<p>Will the supply chain issues start to ease early next year? If the inflation is not transitory and the RBA won't increase the interest rate until 2023/24, what would be the consequences to the economy?</p>	<p>When supply chain issues will eventually be resolved is being debated by market participants and central banks around the world. It's the reason why we're seeing heightened volatility in bond markets, as the market is predicting that inflation will remain higher than central banks predict, leading to higher inflationary pressures and forcing central banks to act through increasing interest rates in order to cool the economy. Only time will tell when supply chain issues will be resolved and whether the market or central banks have done a better job at predicting it.</p> <p>If inflation is not transitory and remains elevated for longer, the RBA's actions may need to be stronger in order to address inflation, which means the risk of a policy overshoot and subsequent recession increases.</p>	<p>Kyle Lidbury</p>
<p>What is the outlook for the Geared Funds in future years?</p>	<p>The Perpetual Geared Australian investment option had an exceptional year and delivered 92.8% (net) in Super for FY20-21 which exceeded its benchmark by 69.7%. Note that over 3 years, the fund has returned 10.1% p.a. compared to its benchmark return of 9.8% p.a.</p> <p>The rotation to economic recovery, which tends to favour more economically sensitive and cyclical stocks, is still having some influence on markets. Risks are emerging on the horizon, in terms of inflation, lower business and consumer confidence, and the possibility of lower growth than expected. However, for the time being, economic momentum is strong and corporate profits for the most part are keeping up with valuations.</p> <p>Using geared funds comes with a high degree of risk and can have volatile and significant periods of outperformance and underperformance compared to their benchmark. We would caution all investors to fully understand these risks before investing in such products; these are outlined in the PDS.</p> <p>Fund Profiles for Perpetual funds are available on the Prices and Performance page on the Perpetual website. The Perpetual Fund Profiles are updated monthly with additional Market, Portfolio and Outlook commentary included on a quarterly basis.</p>	<p>Kyle Lidbury</p>
<p>Best performing funds last 12 months in each category</p>	<p>Unit prices and investment performance are available to view at any time on the Perpetual website and is also available in the WealthFocus Super and Pension Annual Report available on the website.</p>	<p>Kyle Lidbury</p>



Question	Answer	Respondent
Which superannuation fund performances best?	<p>Comparing superannuation performance isn't quite as straight forward as having one super fund outperform the rest. Performance comparisons should be done on a like-for-like basis with the most important element in addition to return being risk.</p> <p>When comparing fund performances, it's important to understand the risk of the investment, and whether the funds being compared are also being managed in a similar way. One of the easiest ways to do this is look at the different proportion of Growth assets and Defensive assets a fund holds and noting whether comparator funds carry a similar asset mix.</p> <p>The ATO's YourSuper comparison tool offers an online list comparing MySuper Products and there are a number of super comparison websites offered by private companies.</p> <p>In addition to risk and return, due consideration of fees, insurance offerings, member services and investment choice are also important elements in choosing a superannuation fund.</p>	Kyle Lidbury
Going forward will the high level of Government debt adversely affect the share market?	<p>The high level of government debt is of some concern, although it appears that markets seem content to disregard this for the time being, particularly in an environment of ultra low interest rates.</p> <p>If interest rates remain low in advanced economies, there is arguably no need to worry about the high level of debt, as the costs of servicing that debt will remain relatively low and within governments' capacity.</p> <p>If interest rates were to suddenly adjust upwards, which may be precipitated by longer lasting higher inflation or overheating in the economy, the cost of borrowing for governments could also increase and certain economies may come under stress. This is particularly so in emerging economies and has also presented a risk in the European Monetary Union where countries are unable to issue their own currency to meet their obligations and have had to resort to fiscal austerity measures in order to manage excessive foreign debt. We've seen in the past that this has caused significant volatility in bond and equity markets around the world.</p> <p>However, there have been lessons learnt from these past crises and mechanisms have been put in place to help manage these circumstances, should they occur again. It's also worth reemphasising that permanently higher inflation and an abrupt increase in interest rates is far from guaranteed.</p>	Kyle Lidbury

Question	Answer	Respondent
I would like advice on any Perpetual funds that I can look at that concentrate on Renewable energy, Green hydrogen etc. I am nearly 69 years old so looking to add some potential growth to my largely conservative growth fund.	<p>We don't have any funds that concentrate on those sectors in particular. However, there are ESG options available on WealthFocus that may invest in that space. It is important to understand that with this type of thematic investing, all renewable companies aren't necessarily going to do well. We have seen failure of solar companies for instance in the history of the stock market. It's important to understand that investing in a thematic isn't necessarily going to result in a good investment by default. There are a lot of factors that go into understanding a company and the valuation that it trades at.</p> <p>In essence, if you want to increase the growth exposure in your portfolio, we suggest that you do so in a diversified way. With the current outlook for fixed income assets and interest rates, growth assets could be appropriate for you under certain circumstances and if you understand the risk in order to generate a better return. We would always advise you to seek financial advice in such circumstances.</p>	Kyle Lidbury
Can a Kiwi Saver be transferred into this fund from NZ?	Unfortunately, you cannot transfer a Kiwi Saver into this fund but we will allow you to transfer it out over in New Zealand.	Annie Rozenauers

**7. CLOSURE**

Janet Torney, Chair

The Chair thanked members for their participation and declared the meeting closed at 2.05 p.m.

**SIGNED BY:**



**CHAIR**

**DATE APPROVED:** 16 December 2021