

## Via Video Link

**Tuesday 9 February 2021**

**5.00pm – 6.00pm AEDT**

<b>Present</b>  Drew Vaughan Nikki Hoad Frank Khouri Ramani Venkatramani Sam Hallab Ross Martin	Board Chair, Trustee Director Trustee Director Trustee Director Trustee Director Trustee Director General Manager Superannuation, Trustee Director
<b>Attendees</b>  Paul Gubecka Conrad Burge Rahul Guha Luke Grbin Darren Ross	General Counsel - FSL Executive Chairman – FIMS Executive Chairman – FSL Head of Operations – FSL Partner at PwC – external auditor

**The meeting commenced at 5.00pm AEDT.**

## **1 Welcome to Members and Introductions**

### **Drew Vaughan**

Mr Vaughan welcomed members to the 2020 Annual Members Meeting (AMM), noting:

- This is the first AMM, and provides an opportunity to introduce to members the people who manage and operate the Service
- All Trustee Directors are in attendance via video link, and that a quorum was present
- The meeting will include updates on investment returns, member operations and the economic outlook
- The meeting is being held via video link due to ongoing COVID19 circumstances
- The FSS Annual Report is available online at [Fiducian.com.au](http://Fiducian.com.au), which contains the formal report by the Chair to members
- The AMM, together with any questions and answers, will be published following the meeting at [Fiducian.com.au](http://Fiducian.com.au)
- The agenda items for the meeting

Mr Vaughan introduced the following people in attendance at the meeting:

- Conrad Burge representing the Investment Team
- Rahul Guha and Luke Grbin representing the Administration Team
- Paul Gubecka as General Counsel - FSL

Mr Vaughan introduced to members each of the following FSS Trustee Directors, who, together with Mr Vaughan, each provided a summary of their experience, qualifications and responsibilities within the FSS:

- Ms Nikki Hoad
- Mr Sam Hallab
- Mr Frank Khoury
- Mr Ross Martin
- Mr Ramani Venkatramani

Mr Vaughan further noted:

- FSS is a public offer superannuation fund regulated by APRA
- FSS operates through a corporate trustee, Fiducian Portfolio Services Limited, of which all Trustees are Directors
- The role of the Trustee is to be independent and ensure the fund is run in the best interests of members
- A wide range of investment products are offered to members to enable them to structure a suitably diversified portfolio, currently over 70 products
- Investment products include multi asset strategies, asset sector specific products, and managed share portfolios
- Investments offered through the Service are analysed and selected by our investment team
- The manage the manager nature of the Fiducian Balanced Fund, and the pleasing short and long term returns when ranked against similar style products, as well as a strong performance following the impact of COVID19 on investment markets
- The continuing growth of the Service to nearly \$1.8 billion

Mr Vaughan introduced Ross Martin, who would be providing a summary of the operational aspects of the Service over the past year.

## 2 General Manager Superannuation Report

### Ross Martin

Mr Martin advised that his presentation would focus on the effect of the COVID19 pandemic, in particular how the Service was positioned to handle the impact of the outbreak, and, specific actions taken and the impact of these on the ongoing provision of member services.

## Preparations prior to the COVID19 outbreak

Mr Martin provided a summary of the preparedness of the Service prior to the COVID19 outbreak, noting:

- Annual business continuity testing conducted by the Fiducian Group that tests the ability to continue business operations in the event of business disruption caused by various scenarios
- Mr Martin represents the Service as a member of the testing team
- The annual business continuity testing conducted in February 2020 focussed on how business continuity could be achieved in a global pandemic environment
- Recommendations from the testing results were adopted which included the ability for all staff to operate from remote locations

## Actions taken immediately upon the COVID 19 outbreak

Mr Martin provided a summary of the actions taken by Fiducian upon the outbreak of COVID19 in March 2020, noting:

- A pre-determined crisis management team comprising senior managers across operational business divisions in Fiducian met immediately
- As had been planned, a decision was made for all staff to work from home
- All staff were provided with laptops and importantly provided with secure access to the administration and financial systems required to perform their duties
- All staff were provided with video conferencing applications
- Phone systems were amended to allow automated transferring of incoming calls direct to the person being called
- The crisis management team met twice weekly to monitor ongoing business operations and respond to any announcements from the government on safety compliance
- Departmental managers met daily with their staff via video conferencing
- Staff were kept informed of developments on a regular basis

## Actions taken immediately

Mr Martin provided a summary of how the Fiducian administration and finance teams managing the operation of the Service handled the new environment, noting:

- All operational teams have continued to work successfully from home for the past eleven months
- No impact on the processing of contributions, benefit payments or other aspects of operations of the Service
- Payments of Early Release Scheme benefits had been made to 102 members, with all payments being made within the required timeframe and with no liquidity concerns

- The Trustee Board and sub-committees continued to meet monthly via the secure on-line video conferencing facilities

## Future developments

Mr Martin discussed the how ongoing operations were envisaged, noting:

- The crisis management team continues to meet twice weekly
- A partial return to the office of staff is being considered, subject to government guidelines
- The rollout of the vaccination program will be closely monitored

## 3 Economic Outlook

### Conrad Burge – Executive Chairman, Fiducian Investment Management Services

Mr Vaughan introduced Conrad Burge, who would be providing a summary of the investment aspects of the Service over the past year.

Mr Burge discussed a number of investment topics relevant to members of the Service, supported by a range of investment data and charts, noting:

- The Service's investment strategy provides members with a broad range of investment products, including both multi manager and single manager products, and both diversified and single asset sector products
- The strong performance of the multi manager products is due to two factors: a careful selection process for underlying managers and an investment strategy based on careful analysis of the economic environment
- Fiducian's multi manager product approach provides the added benefits of high levels of liquidity and diversification
- The Fiducian Balanced Fund, as an example of the multi manager products offered, provides diversification across 5 asset sectors, as well as across investment products from 26 different investment managers and across hundreds of individual securities
- The International Monetary Fund is forecasting a solid economic recovery this year based on expectations of benefits from the COVID19 vaccination rollout across the world
- Tremendous levels of financial stimulus are still in place across the globe
- The US central bank wants to hold inflation above 2% 'for a time' prior to withdrawing stimulus, with US inflation currently running at 1.4%pa
- The US economy contracted by 3.5 % in 2020, but at an annualised rate of 4.0% in the December quarter
- Global interest rates are at historic lows and are expected to continue at these levels for some time

- Leading economic indicators for OECD countries show recovery is under way in most countries, indicating that stimulus programs have been working well
- China's economic indicators have already passed last year's level, however India still lags their prior year
- The Australian economy is recovering well but will need continuing support from the RBA and government for some time to come
- Global purchasing managers indexes for the manufacturing sector point to strong recoveries in most economies, with the exception of Japan which is suffering from a further COVID19 outbreak
- Consumer and business sentiment has improved but remains weak
- Savings and investment rates are too low in many economies
- Monetary policy is expansionary but needs to remain so for an extended period
- Corporate earnings are forecast to improve this year but the outlook remains uncertain
- Overall, we have a positive view of this year's economic outlook, and see further potential market upside, assuming global monetary and fiscal stimulus remains in place, as expected

## 4 Questions

Mr Vaughan noted that 3 questions had been received from members, with responses provided as follows:

**Question 1:** Can you please discuss your approach to sustainability, in particular how/ or do you select companies that demonstrate sustainable values and achievements?

### Response: (Conrad Burge)

- We do not select companies ourselves.
- Underlying managers within the Fiducian Funds (a part of our offering) and single managers in the Fiducian Collection (another part of our offering) may or may not incorporate 'sustainable values and achievements' as part of their selection criteria. The product disclosure statement for each investment product contains a statement regarding the ESG approach taken by that fund
- We do have a particular fund (the Fiducian Diversified Social Aspirations Fund) that only includes underlying managers that have 'stock selection processes that must consider environmental, social, governance or ethical activities of the companies they choose for their portfolios'.

# Minutes

Annual Members' Meeting  
Fiducian Superannuation Service (FSS)



**Question 2:** Did the market corrections during 2020 affect the ability of the fund to pay benefits or regular pension payments. What about in the future?

**Response: (Ross Martin, Conrad Burge)**

There were no impacts on our ability to pay benefits

The Fiducian Superannuation Service experienced only 102 Early Release payments during the period which was a small number for one fund

The fund does not invest directly in illiquid assets such as direct property, infrastructure or private equity investments. The Trustee uses external consultants to test the fund's ability to pay benefits in times of extreme market conditions. This liquidity testing is known as stress testing. The results of this stress testing shows that the fund has a high level of liquidity.

In answer to your question, the fund has not had any issue with paying benefits or regular pension payments and does not expect to do so in the future.

**Question 3:** There are Fiducian Focus editions (online) up to 2018, but not beyond?

**Response: (Drew Vaughan)**

As this question relates to the navigation of the Fiducian Group website Mr Vaughan referred this question to the Fiducian Client Services team to contact the member directly.

**Note: the url address for the Fiducian Focus newsletter is:**

<https://www.fiducian.com.au/fiducian-focus-newsletter/>

## 5 Meeting Conclusion

Mr Vaughan thanked members of the Service for their attendance at the meeting, and reminded members that should they have any specific questions in relation to the structure of or investments of their superannuation or pension accounts in the Service that they should in the first instance contact their professional financial planner.

**The meeting was declared closed at 5.50pm.**

**The Trustee has agreed that these minutes be released to the Fund website.**

Signed as a true record

**Drew Vaughan**  
Chair

**Date: 23/2/2021**