

# Minutes

Annual Members' Meeting

Fiducian Superannuation Service (FSS) and Pearl Superannuation Service (PSS)

**Held at 1 York Street Sydney via Video Link**

**Thursday 8 December 2022**

**4.00pm – 5.00pm AEDT**

<b>Present</b>  Drew Vaughan Catherine Lynch Maria-Ann Camilleri Sam Hallab Jai Singh Ramani Venkatramani	  Board Chair, Trustee Director Trustee Director Trustee Director Trustee Director Trustee Director Trustee Director
<b>Attendees</b>  Ross Martin Conrad Burge Paul Gubecka Jessica Dass Rahul Guha Luke Grbin Aakash Godara	  General Manager Superannuation Executive Chairman - FIMS General Counsel - FSL Chief Risk Officer - FSL Executive Chairman – FSL Head of Operations – FSL Manager at KPMG – external auditor

**The meeting commenced at 4.00pm AEDT.**

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

### **Drew Vaughan**

Mr Vaughan welcomed members to the 2022 Annual Members Meeting (AMM), noting:

- The AMM is for members of the Fiducian Superannuation Service (FSS) and the new sub-fund the Pearl Superannuation Service (PSS) – collectively referred to as the “Service”
- This is the third AMM, and provides an opportunity to introduce to members the people who manage and operate the Service
- All six Trustee Directors are in attendance at the meeting and the meeting therefore has a quorum

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### Fiducian Superannuation Service (FSS) and Pearl Superannuation Service (PSS)

- The meeting will include an introduction to the key team members who manage the day to day operations of the Service and updates on investment returns, member operations and the economic outlook
- The FSS and PSS Annual Reports are available online at [Fiducian.com.au](http://Fiducian.com.au), which contains the formal reports from 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:

- Ross Martin as the General Manager Superannuation
- Conrad Burge representing the Investment Team
- Jessica Dass as the Chief Risk Officer for the Service
- Rahul Guha as the Executive Chairman – FSL
- Luke Grbin as the Head of Operations - FSL
- Paul Gubecka as General Counsel – FSL
- Aakash Godara from KPMG as the external auditor for the Service

Mr Vaughan introduced to members each of the Service's Trustee Directors:

- Ms Catherine Lynch
- Mrs Maria-Ann Camilleri
- Mr Sam Hallab
- Mr Jai Singh
- Mr Ramani Venkatramani

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### Fiducian Superannuation Service (FSS) and Pearl Superannuation Service (PSS)

Mr Vaughan noted:

- FSS and PSS are public offer superannuation funds regulated by APRA
- FSS and PSS operate 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 Service 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
- Despite weakness in investment markets the Service continues its long term growth with assets of over \$1.9 billion and contributions during the year exceeding \$295 million
- The strong long term investment performance of two of the Service's most widely used investments, the Fiducian Balanced Fund and the Fiducian Growth Fund

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 provide a summary of the areas that the Trustee is paying particular attention to in the current environment, including:

- Cyber Security
  - The Trustee has a critical focus on the Service's cyber security framework
  - The industry regulator, APRA, is conducting an industry wide appraisal of cyber security arrangements in place for all superannuation funds
  - Members are encouraged to be vigilant in relation to all email, text and telephone communications
- Custodial Arrangements
  - The Trustee is responsible for ensuring the custodial security of member assets
  - The current Service custodian is exiting the market, and the Trustee will closely monitor the transition to a new custodian

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- Modern Day Slavery
  - The Trustee regularly reviews its legislative requirements and has in place appropriate provider and policy review strategies
- New Normal in Workforce Participation
  - The Trustee is confident that new hybrid work from home and office arrangements of service providers will not impact high service standard levels

Mr Martin commented that while the Trustee has the ultimate responsibility for the operation of the Service in the best financial interests of members, specialist outsourced service providers are appointed by the Trustee to fulfil specific tasks. The service providers include both resources from within the broader Fiducian group, and from external organisations as follows:

#### From within the Fiducian group

- Administration and call centre services
- Finance and accounting services
- Investment management services
- Risk management services
- Information technology services
- Legal and compliance services

#### From external organisations

- External audit services – KPMG
- Internal audit services – Ernst & Young
- Custodial services – (transition in place)
- Insurance services – TAL

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### Fiducian Superannuation Service (FSS) and Pearl Superannuation Service (PSS)

Mr Martin highlighted a number of the financial achievements of the Service over the past year, noting:

- Contributions of \$104 million received during the year
- Rollovers of \$192 million received during the year
- Member numbers exceeding 7,500
- Members' average account balance of \$253,000 at June 2022
- Member benefit and pension payments of \$109 million during the year

Mr Martin commented that the operational service standards of the Service continued to be met, and thanked all service providers and staff for their dedication and excellence during the year.

Mr Martin passed the meeting back to Mr Vaughan.

Mr Vaughan introduced Conrad Burge to provide a summary of the economic outlook and investment aspects of the Service over the past year.

## 3 Economic Outlook

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

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 long term 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 27 different investment managers and across hundreds of individual securities

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- The International Monetary Fund is forecasting a slowdown in the global economy for 2023, as the “global economy continues to face steep challenges, shaped by the lingering effects of three powerful forces”:
  - The Russian invasion of Ukraine
  - Cost of living crisis caused by persistent and broadening inflation pressures
  - The slowdown in China
- Central banks have had to take the lead in fighting inflation by raising interest rates, which have increased significantly across the globe
- Global economic growth is weakening, and could result in recession during the northern winter
- Economic indicators for the US and Europe are declining following a post-pandemic recovery, while China and India are holding relatively steady
- Economic activity in Australia is set to contract with the RBA continuing recent interest rate increases
- Global purchasing manager indices are beginning to contract in most major economies
- Corporate earnings are forecast to grow only moderately in 2023, however share markets may have already priced in much of the negative news and could potentially stabilise soon

Mr Burge passed the meeting back to Mr Vaughan.

## 4 Questions

Mr Vaughan noted that two questions had been received.

Question 1: Have movements in investment markets this year affected the Service's ability to pay pension benefits?

Answer 1: Mr Vaughan responded:

- the Service has a portfolio of investments that are liquid and readily realisable
- all investments have been subject to liquidity stress testing on an annual basis
- negative market movements have not affected the Service's ability to pay pensions or other member benefits

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### Fiducian Superannuation Service (FSS) and Pearl Superannuation Service (PSS)

Question 2: In light of recent events with Medicare and Optus, what is the Service doing to protect our data?

Answer 1: Mr Vaughan responded:

- The Trustee wants to remind members not to open emails or links from unfamiliar parties, nor to provide personal details or passwords via email
- The Trustee will never ask members to provide personal details or passwords via email
- The Trustee has robust internal systems and controls, tested annually by independent experts each year, to protect member data

## 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 4.40pm.**

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

Signed as a true record



**Drew Vaughan**  
**Chair**

**Date: 8/12/2022**