

Annual Member Meeting Minutes

Meeting of:	PERPEUTAL SELECT SUPERANNUATION FUND
On:	Thursday, 07 March 2024 at 11:00am
At:	Level 18, 123 Pitt Street, Sydney NSW 2000 And via live stream
Directors in attendance:	Janet Torney (Chair) Chris Green Mark Smith Kerry Adby Jocelyn Furlan
Apologies:	Nil
Responsible Officers and Speakers in Attendance:	Catherine Payne, Head of Office of the Superannuation Trustee (HOST) Sam Mosse, Chief Risk and Sustainability Officer Claudia Rososinski, Assistant Company Secretary Annie Rozenauers, Global Head of Product Governance Kyle Lidbury, Head of Investment Research at Perpetual Private Craig Squires, Chief Operating Officer Nicholas Buchanan, Audit Partner, KPMG

Item	Presenter
Item 1. Welcome and Introduction	
The Chair, Janet Torney, welcomed and thanked all those who joined online for the Annual Member Meeting of the Perpetual Select Superannuation Fund (Fund).	Janet Torney, Chair
The Chair delivered an Acknowledgement of Country.	
The Chair explained that the Annual Member Meeting was an opportunity for members to hear from the Board and Responsible Officers on their Fund. Updates would be provided on investment performance and member services and members have the opportunity to submit their questions through the event streaming page.	

Questions submitted prior to the meeting would also be answered by the Board and its Responsible Officers.

The Chair introduced the members of the Board, other Responsible Officers and the Fund's external auditor from KPMG.

Item 2. Chair's Address

The Chair thanked members for their continued trust in Perpetual Superannuation Limited (**PSL**) to manage their retirement savings. PSL's strategy remains the anchor and focus in delivering the best outcomes for Members. To recap:

Janet Torney,
Chair

- 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 following points:

- As at 31 December 2023, the Fund had ~4200 members with \$1.1b in Funds Under Management with eight investment options supported by 15 specialist investment managers.
- Regrettably, access to myPerpetual was impacted in mid-2023 due to a security incident with a third-party service provider. myPerpetual functionality has now been fully reinstated and the Chair expressed her sincere apologies, on behalf of PSL, for any inconvenience caused.
- Environmental, Social and Governance (ESG) considerations continue to be integrated into our investment selection and monitoring process, and that of the managers we appoint. This is aligned with Perpetual Limited's longstanding commitment to responsible investment.
- The myRetirement portal was launched in July 2023 to assist members who are either in or approaching retirement with various solutions, tools and resources available to assist members to be better informed in their retirement planning. Members are encouraged to seek financial advice specific to their individual needs.
- PSL is supportive of the regulatory changes underway with APRA and will continue to navigate the heightened regulatory environment and focus on meeting all obligations to members.
- All Select multi-asset options were included in APRA's performance test and passed for the year ended 30 June 2023.

Item 3. Market Update & Investment Performance

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

Kyle Lidbury,
Head of
Investment
Research at
Perpetual
Private

- FY2023 was a difficult year due to negative market sentiment anticipating recession. The recession did not occur as expected resulting in defensive portfolios underperforming and equity portfolios achieving above expectations.
- The Artificial Intelligence market boom was driven by the launch of ChatGPT and drove a rally across seven mega-cap stocks which have been coined 'The Magnificent Seven'.

- Inflation trended downwards in CY2023 indicating that the current cycle of central bank interest rate increases may be slowing. Inflation was sticky due to robust labour markets.
- Geopolitical challenges impacted investment markets as the conflict in the Ukraine continued into its second year and the latest conflict in the Middle East started. The impact was only short term, however, while the information was being absorbed.

Kyle Lidbury concluded the market update by commenting that opportunities will continue to present across investment markets and fundamental analysis will continue to drive investment decisions across the array of asset classes.

Kyle Lidbury provided an overview of the Fund's investment performance noting the strong returns for CY2023 and across longer-term time frames.

Item 4. Member Service Update

Annie Rozenauers, Global Head of Product Governance, reiterated the Chair's apologies for the inconvenience caused by the IT security incident in mid-2023 and provided further details on the incident and restoration process. The restoration process was complex as systems had to be rebuilt and tested to ensure member information was secure in the new environment. This delay caused the myPerpetual portal to be shut down as the environments were sequentially stood up. myPerpetual was reinstated with read only access in September 2023 and full transactional capability was restored in February 2024. Annie Rozenauers confirmed that this was an isolated incident. PSL has reviewed its Information Security Management Program which aligns to global standards and frameworks and is independently audited.

Annie
Rozenauers,
Global Head of
Product
Governance

Annie Rozenauers provided an overview of the member service standards for FY23 highlighting the following:

- The call centre received just over 41,000 calls throughout the year, an average of 110 calls per day, and more than 30,000 emails. 65% of calls were answered within 30 seconds and 91% of emails were answered in 48 hours. The customer service score for phone interactions was 8.7 out of a possible 10, and 7.9 out of a possible 10 for email interactions.
- It was acknowledged that Call centre services and responsiveness were impacted by the registry outage which caused an increase in the volume of enquiries until November 2023 when service levels normalised.
- Delivering quick and consistent service to members continues to be a high priority.

Annie Rozenauers advised that a key focus of PSL is how we can support our members who are in retirement or approaching retirement. To further support our members, the MyRetirement page on the website has been updated with resources to help members with their retirement decision-making. This is based on direct feedback from our members via the retirement survey we conducted last year to understand what was most important to our members in relation to retirement.

Item 5. Members' Questions and Answers

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.

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.

Question	Answer	Respondent
<u>Questioner: Craig</u> Cyber Security Update	<ul style="list-style-type: none">• The outage was the result of an IT security incident that occurred on a system provided by our third-party service provider.• The impact of the incident was broad and affected all registry infrastructure including test and disaster recovery systems. This made the restoration process extremely complex. Most of the technology environment had to be rebuilt and tested. This had to be done in a sequenced way and which meant underlying services had to be recovered first before the online myPerpetual services could be restored.• Our online portal, myPerpetual was down for an extended period of time and we sincerely apologise for any inconvenience this caused our members.• Read-only access was reinstated for our members and advisers throughout September last year and transactional capability has now also been restored.• As a result of the incident some member data was compromised and we contacted all members out of an abundance of caution as soon as practicable once this became apparent.• The data that was compromised, namely member names, physical addresses and in some instances unlinked bank account details were contained in files that we believed had been exported from the underlying administration system and it was these files that had been exfiltrated.• Importantly, there was no highly sensitive data such as passport details, date of birth or driver's license details included in the compromised data which is	Craig Squires

- stored in a different system.
- In light of the incident we have reviewed our information security management program and are satisfied that it remains robust and clearly focused on protecting our members and their data.

Questioner: Marika

Why doesn't Perpetual take care of its security measures?

- The Trustee takes cyber security risk very seriously.
- The incident was isolated with a single, external third-party service provider.
- We have reviewed our information security management program in light of this event and are satisfied that it remains robust and clearly focused on protecting our members and their data.
- Perpetual has an Information Security Management Program aligned to recognised global standards and frameworks.
- The program has senior management and board oversight and is subject to stringent internal and external audit assurance.
- We also have a dedicated information security team that provides security specific operations, incident response, solution design and security risk assessments

Craig Squires

Questioner: Michael

Is there a future for crypto currency in superannuation?

- Cryptocurrency continues to make headlines, particularly given the most recent rapid increase in price and the launch of Bitcoin Exchange Traded Funds (ETFs), which have attracted billions of dollars of flows in a relatively short period of time.
- It is important to note the distinction that whilst ETFs do operate under a well-regulated environment, subject to proper oversight and transparency, we believe the underlying price of the asset that these ETFs track is still largely unregulated, traded in an uncontrolled manner with a questionable basis for the fundamental value of the coins or assets.
- The use-case for crypto assets is still being defined and developing- with increasing acceptance by a small number of

Kyle Lidbury

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- market participants.
 - Due to this, we consider that it can't equivocally be ruled out of ever attaining a future status as an asset class for superannuation funds.
 - However, given the current high volatility in crypto currency prices and the highly speculative nature of crypto assets, the prevalence of scams and frauds that plague the asset class, in our view the asset class still has some way to go before it will be seen broadly accepted as an asset for superannuation funds

Questioner: Stephen

General performance of the Fund

- We hope that the presentations today have provided you with an overview of what has been happening in your Fund over the last 12 to 18 months.
- We also refer you to the Fund's annual report which provides an overview of the year in review. This is available on our website together with the Member Outcomes Assessment which provides a comprehensive overview of the Fund's performance.

Janet Torney

- Perpetual Select is managed in line with our investment philosophy that has a focus on protecting member's assets from downside risk first and growing in line with markets.
- We have an investment objective for all our multi-sector investment options to outperform CPI by a set margin over each option stated time horizon and this objective has been met on all our investment options.
- We acknowledge that our performance can fluctuate due to the cyclical nature of underlying investments, however we are confident over the full economic cycle we will continue to perform in line with peers.
- We review and update the portfolio on an ongoing basis to position it to perform into the future through any economic conditions whilst maintaining our strong investment risk metrics.

Kyle Lidbury

Questioner: Marika

1. Why isn't Perpetual within the top 10 performing funds for Superannuation in Australia? 2. How come my super account balance fluctuates so much?

Janet Torney

- As a Board we are focused on meeting the investment objectives we have set for the Fund. These are our commitment to you.
- As noted by Kyle in his response to the previous questions we have delivered on these objectives for the multi-sector funds.
- Our focus is on, where possible, protecting members assets from downside risk. We believe this is appropriate given the long term nature of superannuation investments.
- We do monitor our performance against peers. This analysis can be viewed in our Member Outcomes Assessments found on the website.
- I would note that longer term underperformance against fees is largely due to historical fee structures. Over the 2023 financial year we took steps to address this by implementing fee decreases across most investment options. This resulted in better net return outcomes for members. These fee reductions are expected to positively impact investment returns in the future

Kyle Lidbury

- Portfolios that are invested in underlying assets rise and fall with the value of the assets they invest in.
- Our diversified options seek to reduce volatility by holding a number of different assets such as shares, which whilst volatile in the short term, also drive returns to you as the member in the long term.
- More defensive assets such as fixed interest securities can still exhibit some short-term volatility, but usually don't fluctuate as much as shares.
- Our investments within the alternatives asset-class (typically illiquid investments with longer time horizons, such as private equity, infrastructure, or private credit), also act as a good diversifying asset class which dampens volatility and also contributes to performance.

Questioner: Mark

What lessons has Perpetual learned regarding security of clients' personal information and data as a result of the significant outage resulting from their third-party service provider? What measures have been put in place to minimise the risk of this happening in the future?

In light of the incident we have reviewed our information security management program and are satisfied that it remains robust and clearly focused on protecting our members and their data.

Craig Squires

Questioner: Paul

Who was the third-party service provider?

We are not in a position to name the service provider, but they provide our registry services.

Craig Squires

Item 6. Meeting Closure

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

Signed by:



Chair: JANET TORNEY

Date approved: 02 MAY 2024

Authorised by the Chair to affix their electronic signature